

الجمعة 24 فبراير

Weekend

# FINANCIAL TIMES

Weekend FT  
If it's witty, it  
must be American



The president  
gardener



In the brushstrokes  
of Braque



SECTION II

World Business Newspaper <http://www.FT.com>

WEEKEND FEBRUARY 22/FEBRUARY 23 1997

## Japanese to get US-style shopping in \$3bn venture

Japanese shoppers will get a taste of US-style leisure shopping through a \$3bn joint venture between two Californian property specialists and an alliance of Japanese banks, retailers and industrial groups. Four centres in the Tokyo and Osaka areas will have a blend of Japanese and US stores, plus cinemas, restaurants, fitness clubs, indoor "rock-climbing" and skating rinks. Page 24

**Russian loan delayed:** An International Monetary Fund mission left Moscow without recommending payment of the monthly tranche of the fund's \$10.2bn loan to Russia - a decision which, in effect, means a delay in payment. Officials said the IMF was concerned about Moscow's continued difficulties in collecting enough revenue to finance its budget. Page 2

**Boxer bows out of Marines:** Riddick Bowe, the former world heavyweight boxing champion, has left the US Marine Corps Reserves less than two weeks after joining. "He's been released at his own request," said Master Sgt Chuck Demar at the USMC recruit depot.

**Hubble shuttle comes home:** With restoration of the Hubble space telescope completed, the Discovery space shuttle returned to earth in a rare night landing at Cape Canaveral, Florida.

**Kmart, the US retailer, and El Puerto de Liverpool, its Mexican partner, have ended a three-year alliance by selling their joint interest in Kmart Mexico to Comercial Mexicana, Mexico's second-largest retail chain, for \$148.5m. Page 6**

**Award to slain journalist:** Veronica Guerin, shot dead last June as she investigated some of Ireland's most ruthless gangsters, was named journalist of the year at the UK What The Papers Say awards.

**Bonn acts to aid eastern areas:** The German government announced two initiatives to support eastern Germany's struggling economy in a move to help defuse unrest among east German members of Chancellor Helmut Kohl's Christian Democratic Union. Page 2

**Push for Greek shareholders:** Greek "June" this next month will include a testlet explaining how the stock market works and encouraging individuals to become investors. The campaign by Athens Stock Exchange comes after a surge in share prices and new issues. Page 2

**Aluminium tainted:** Most of Russia's aluminium industry is controlled by criminal gangs, interior minister Anatoly Kudikov said, adding that 39 investigations had been launched last year at the giant Norilsk Nickel complex and 14 more at the Severonikel plant in the northern port city of Murmansk.

**London shares lose momentum:** The FTSE 100 index was unable to maintain the momentum seen earlier in the week. The blue chip index closed at 4,336.2, down 19.3 on the day but only 3.2 on the week. The Footsie initially virtually ignored the 92-point fall in the Dow Jones Industrial Average the day before. After a lunchtime fall it surged but ended down from the record high earlier in the week. Page 21; World stocks, Page 19

**Michelin, Europe's biggest tyre maker, plans to cut 1,445 jobs from its French tyre and distribution operations. Page 6**

**Due to technical problems with a supplier, US share prices on Page 18 are earlier than normal.**

**FT.com:** the FT web site provides online news, comment and analysis at <http://www.FT.com>

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## Club Med hopes for Disney magic

By Andrew Jack in Paris

Club Méditerranée, operator of holiday villages around the world, has hired Mr Philippe Bourguignon, chairman of Euro Disney, to mastermind a wide-ranging restructuring in the wake of a far heavier than expected FF745m (\$130.35m) loss for 1996-97, revealed yesterday.

Mr Bourguignon is to take over as chief executive of Club Med, one of France's best-known companies, on March 1. The move from Euro Disney follows his success overseeing the financial restructuring of the theme park just outside Paris in 1994 and its return to profitability.

Philippe Bourguignon to head shake-up after \$130m loss for holiday firm

The appointment marks the end of family control at Club Med, originator of the "sun, sea and sex" concept of holiday villages in 1950, which had been chaired since 1983 by Mr Serge Trigano, son of the founder. His father owns just 0.8 per cent of the capital and he has no shares.

Mr Trigano, who will be appointed head of a newly created supervisory board to oversee strategy and international relations, unveiled details of FF820m in provisions taken to help return the group to profitability over the next few months.

"It would not be right to hide behind the [excuse] of the poor economic environment," said Mr Trigano. "I was perhaps not quick enough in applying the measures that needed to be taken."

Mr Trigano had launched a series of job reduction and other cost-cutting measures in the last three years, and attempted to refocus the group on its principal activity and sell peripheral businesses which had proved unsuccessful.

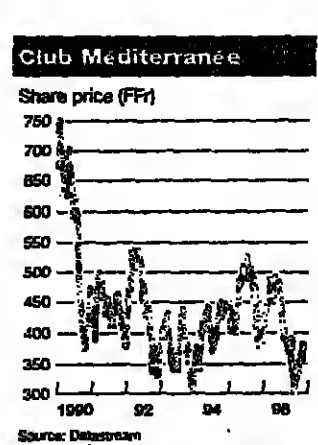
However, he had come under increasing criticism and pressure from shareholders, notably after taking the markets by surprise last October when he predicted disappointing results, only weeks after appearing very bullish.

The number of Club Med clients rose by 30,000 to 1.4m in 1996-97, but its turnover fell by FF500m to FF510m during the period. It made an operating profit - taking into account some provisions - of FF50m, compared with a profit of FF370m in 1994-95.

Mr Trigano said the group would rapidly close seven of its holiday villages which were structurally in deficit - including six in Europe - and spend

FF530m renovating about 15 more. Other Club Med villages would be rebranded Club Aquarius, its lower-priced alternative which has seen considerable recent growth.

He denied that the Club Med concept of holiday villages was outdated, and said: "My objective is to refocus on what we do best: the management and operation of holiday villages. That is where we have a unique professionalism and savoir faire."



Club Med gets Euro Disney touch, Page 6  
Lex, Page 24

## Italy's Emu tax route gets approval

By Lionel Barber in Brussels

Italy's controversial one-off tax for Europe won the blessing yesterday of Eurostat, the European Union's statistical watchdog, in spite of widespread criticism that it is a gimmick designed to help the country meet the criteria for joining European economic and monetary union.

The so-called Eurotax would be levied only once, as a way of reducing Italy's budget deficit this year to levels required for Emu entry. Italy has also promised to refund part of it in 1999, sparking criticism that it would be only a short-term loan from the people and would not bring about a lasting improvement to Italy's finances.

However, Eurostat concluded that the Eurotax would not be a financial advance, which would not have been allowed, but a new tax which would allow Italy to trim its deficit in 1997 by around 0.5 per cent of gross domestic product.

The agency ignored concern about "creative accounting"

inspired by earlier Italian government hints that it would offer citizens a partial refund on the Eurotax once Emu got off the ground in 1999.

Mr Alberto De Michelis, a senior Eurostat official, said nothing in the government's text signalled a legally binding commitment to reimburse citizens: "It is only a political commitment."

Proceeds from the Eurotax will strengthen the government's hopes of bringing its budget deficit within sight of the Maastricht treaty deficit target of 3 per cent of GDP in 1997, the decisive year for Emu performance.

The Italian Treasury welcomed Eurostat's decision. There was no comment from the German finance ministry, where officials have expressed doubts about Italy's fitness to qualify for the first round of Emu.

Mr De Michelis said Eurostat's job was to create a level playing field in the application

Continued on Page 24  
Boost for Spain's Emu bid, Page 2



US secretary of state Madeleine Albright and Russian foreign minister Yevgeny Primakov during their talks yesterday

## Nato may grow before Russian pact

By Chrystia Freeland in Moscow

Mrs Madeleine Albright, the US secretary of state, made hesitant progress in talks with Russian leaders about Nato expansion yesterday, but said that the western alliance might admit new member states before concluding a separate deal with Russia.

"On the question of a Nato-Russian charter, I think we have made some very important progress on this in our

very serious discussions," Mrs Albright said. "It is on a fast track."

The proposed charter would define a special relationship between Nato and Russia and could give Moscow some input into the alliance's activities. However, its content, form and legal status are still in dispute.

Mrs Albright said "complex questions" needed to be

resolved; it was far from certain an agreement between Nato and Russia would be achieved before the Nato summit in Madrid in July, when the alliance plans to invite some eastern European states to join.

Mr Yevgeny Primakov, the Russian foreign minister, said the talks had shown "we are not going to have any artificial delays or roadblocks in

coming to terms with this new document". He also stressed that the "serious issues" at stake would require careful negotiation.

While reiterating his opposition to Nato expansion, Mr Primakov said one measure that would "minimise" the harm to Russia would be a

Continued on Page 24  
Nato expansion, Page 6

## UBS finds heirs to a third of the \$7m in wartime accounts

By William Hall in Zurich and Norma Cohen in London

Union Bank of Switzerland has tracked down the owners for about a third of the SF710m (\$6.8m) in dormant second world war era accounts, it revealed yesterday.

But Mr Mathis Caballavetta, chief executive, held out scant hope of finding any more. "We managed to trace the rightful heirs to assets in dormant accounts amounting to approximately SF73.5m, thanks to the opening of up of Eastern Europe and the fact that this gave us access to certain documents for the first time," Mr Caballavetta said

yesterday. "None of those traced were heirs of Holocaust victims, however."

He went on to attack "malicious accusations" that the bank had intentionally shredded secret files which could have shed light on its war-time dealings with Nazi Germany.

He said the recent case where the bank had disobeyed a Swiss government order and shredded files had been a "very serious and deeply regrettable error". It would be rigorous in ensuring no more documents were destroyed.

However, Mr Caballavetta's efforts to put the incident behind him were complicated by the revelation yesterday

that in 1994 UBS had destroyed documents belonging to Interhandel, the Swiss-based holding company for certain assets of German chemicals concern I.G. Farben, producer of lethal gas for Nazi death camps.

UBS bought the company in 1966 after confirmation that it had been in Swiss hands during the war and could not be classified as "enemy assets".

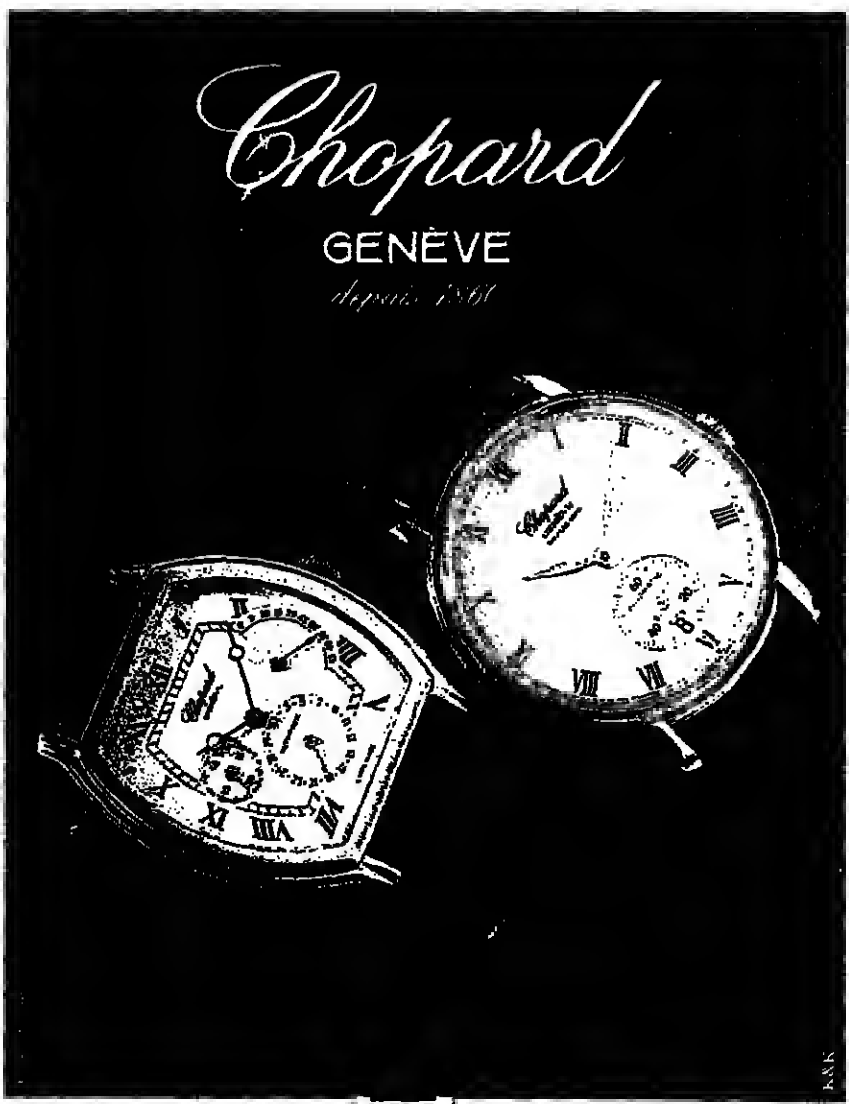
It had reviewed the company's documents and in 1994 destroyed those of no historical relevance.

UBS, the first of the big three Swiss banks to report their 1996 results, said

Continued on Page 24

STOCK MARKET INDICES			
FTSE 100	4,336.2	(-19.3)	
Yield	5.85		
FTSE Europe 100	2,142.72	(-5.33)	
FTSE All-Share	2,116.45	(-0.29)	
Nikkei	19,034.54	(-17.17)	
New York Composite	5,914.85	(-12.70)	
Dow Jones Ind Ave	5,914.85	(-12.70)	
S & P Composite	603.88	(-1.54)	
NORTH SEA OIL (Average)			
Brent Dated	22.15	(20.53)	
LONDON MONEY			
3-mo Interbank	6.1/6	(same)	
Life long fut	Mer119.5	(Mer119.5)	
US LUNCHTIME RATES			
Federal Funds	6.1/4		
3-m Treasury Bill	5.817%		
Long Bond	99 1/2		
Yield	8.920%		
STERLING			
New York Lintime	\$ 1.6775		
London	\$ 1.6782 (1.6714)		
DM	2.7222 (2.7228)		
FF	5.9225 (5.1665)		
Sfr	2.5786 (2.5691)		
Y	198.848 (198.823)		
E index	97.4 (97.3)		
DOLLAR			
New York Lintime	DM 1.8885		
FF	5.7003		
Sfr	1.472		
Y	123.15		
London	DM 1.8891 (1.8890)		
FF	5.6836 (5.7072)		
Sfr	1.4691 (1.482)		
Y	123.01 (123.07)		
S index	103.8 (same)		
Tokyo close	Y 122.85		

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## NEWS: INTERNATIONAL

# Mad cow inquiry threatens ultimate sanction against Commission 'incompetence'

## Euro-MPs prime their nuclear weapon

By Neil Buckley  
in Strasbourg

Who won? Was it the European Parliament, which this week gave European commissioners nine months to revamp their food and health policies - to prevent any future "mad cow"-style crises - or face dismissal?

Or was it the commissioners, who granted minimal concessions to parliament but successfully warded off a censure motion on Thursday to have all 20 commissioners dismissed immediately?

Both sides can look on the outcome with some satisfaction. But whether the week's shenanigans did much for EU democracy, or indeed, the protection of EU consumers, is another question.

The "conditional" censure that parliament imposed on the Commission marks another important step towards political maturity for the European assembly.

Parliament successfully harnessed powers given to it by the 1991 Maastricht Treaty to probe maladministration in other institutions.

Its six-month inquiry not only produced a hard-hitting report, but forced the Commission to make changes which, Brussels insiders admit, it would never otherwise have made.

It also found a neat way of using its only permitted sanction against the Commission, the so-called "nuclear weapon" of a censure motion to dismiss all 20 commissioners.

Instead of pressing the button, it summoned 422 votes - two-thirds of the entire assembly - to back a threat to unleash its missile in November if the Commis-



Commission president Jacques Santer, right, and farm commissioner Franz Fischler speaking after MEPs decided against dismissing them and the 18 other Commission members in a protest over the handling of the mad cow crisis

sion did not meet its demands.

"A successful censure now would simply lead to an institutional crisis which would last for months and do nothing to strengthen public health or consumer protection," said Mrs Pauline Green, leader of the Socialist group, the biggest in parliament. She reflected the widespread view which led to Thursday's immediate censure of the Commission being defeated.

But the delayed censure threat delivered a rather more compliant Mr Jacques Santer before the Strasbourg chamber this week than the Commission president who dismissed the beef inquiry last month.

"We were astonished by

Mr Santer's speech," said Mr Paul Lannoye, a Belgian Green. "It went far beyond what we hoped for."

The Commission president promised:

- To transfer responsibility for human health from Mr Franz Fischler, agriculture commissioner, to Ms Emma Bonino, consumer policy commissioner.
- To revamp food and health policies, giving Ms Bonino extra resources.
- To press in the inter-governmental conference on EU reform to give parliament an enhanced role in agricultural and veterinary matters, and for new EU-wide powers to strengthen health protection.
- "Revolutionary" reform of the Common Agricultural

Policy to promote natural farming methods and environmental protection.

But if this week demonstrated that the parliament does have influence, it also showed it still has few real powers. Or, as one MEP put it, the assembly is "like Popeye without the spinach".

No commissioners or officials - even those named in parliament's report as having made errors - seem set to lose their jobs, or even face transfer, over the beef crisis.

If the Commission can be accused of gross mismanagement in perhaps the biggest political and human crisis it has faced, and yet no heads roll, will parliament ever be able to get officials sacked in future inquiries?

Some MEPs fear the Commission's image as an unaccountable bureaucracy may only be strengthened by this week's events.

Moreover, Mr Santer's promises are not everything they seem. Those most cherished by parliament - the right of "co-decision" with EU ministers in agricultural matters, and creation of an EU equivalent of the US Food and Drug Administration - are not in his gift.

EU ministers must agree and, so far, they don't. But the biggest weakness exposed was parliament's lack of sanctions against member states.

Despite the detailed rebuttal of some points by the UK government, parliament's report identified the

use to the committee's investigation.

The decision will intensify the political battle over the fundraising row, in which Democrats are alleged to have received money from a variety of questionable sources. It may also suggest that the two men are seeking congressional immunity in return for their co-operation.

Mr Hubbell, a former assistant attorney-general in the Clinton administration, was convicted of tax evasion and mail fraud two years ago.

The House committee had demanded he produce documents about payments he received from a wealthy supporter of the president while Mr Hubbell was being investigated by the Justice Department.

Mr Hubbell is also a former law partner of Mrs Hillary Clinton. He continues to be investigated by prosecutors over his role in the Whitewater case, in which several other associates of the Clintons have already been convicted of fraud. Mr Huang was a Commerce Department official and prominent fundraiser for the Democrats among Asian-Americans.

The refusal to hand over the requested documents is almost certain to be legally challenged by the House committee. Fifth amendment privileges have in the past usually applied only to direct testimony and have not been extended to cover documentation subpoenaed by congressional committees.

UK unequivocally as the main offender.

Yet the UK could ignore the Strasbourg motions, and relish the spectacle of the Commission being roasted over a problem it did not create. London even managed further to antagonise other EU states by dismissing MEPs' findings as "tosh".

Mr André Laignel, a French Socialist inquiry member, attempted to get round lack of sanctions against Britain by proposing a different conditional censure of the Commission. His condition was that Brussels must reclaim from the UK the Ecu1.6bn (\$1.8bn) spent from EU funds on the beef crisis last year.

"This is the only effective solution, since the inquiry found the UK failed to observe EU rules, and carried most responsibility for the crisis," Mr Laignel said.

But political infighting, including opposition from British Labour members of parliament's Socialist group, led to removal of the censure threat from his amendment. The demand to reclaim the money remains in the report, but the Commission made clear this week it would ignore it.

It is likely to ignore, too, the demand to take Mr Douglas Hogg, UK agriculture minister, to the European Court over his refusal to attend parliament's inquiry - a snub which still has MEPs fuming.

In the European Parliament's trial over mishandling of the beef crisis, the European Commission got a suspended sentence. But, say Mr Laignel and many fellow MEPs, the real culprit walked free.

## INTERNATIONAL NEWS DIGEST

## Delay to Crédit Lyonnais plan

The French government yesterday postponed the submission of its restructuring plan for Crédit Lyonnais, the troubled state-owned bank, until the end of May. Mr Jean Arthuis, finance and economics minister, said final proposals due to be handed to European Commission competition authorities in Brussels yesterday would not now be ready until the end of March.

Government officials had aimed to have the plan completed this month, but Mr Arthuis said as a result of contact with Mr Karel Van Miert, the competition commissioner, the government would introduce "some corrections and additional information" to the plan. He designed to provide final aid ahead of privatisation. He said the sell-off would take place at the end of 1998 or in 1999.

An estimate by the European Commission itself placed the total potential cost of new state aid at up to FF300bn (\$5.3bn). That includes a recapitalisation to improve its solvency ratio of FF30bn to FF100bn. It also includes FF15bn-FF20bn to cover the eventual estimated losses realised from assets formerly owned by the bank and now being sold off.

Andrew Jack, Paris

## Boost for Spain's Emu bid

Spain's centre-right Popular party government yesterday stepped up its bid to qualify for monetary union with a swathe of deregulatory measures that aimed to spur economic activity through lowered prices and job creation.

Economy minister Mr Rodrigo Rato said the "broad and ambitious liberalisation package" constituted the "best guarantee", together with budgetary discipline, for Spain's inclusion among the first wave of EU nations setting up the single currency in 1999. New initiatives included a citizen's charter to cut bureaucratic red tape, increased prerogatives and resources for the competition tribunal and creation of a new body to draw up plans for corporate governance in big business. Tom Burns, Madrid

## Korea groups in Oman deal

A consortium of five big Korean companies yesterday bought into the \$2bn Oman liquefied natural gas project, which is due on stream in early 2000. Korea LNG, which includes Korea Gas Corporation, Samsung, Hyundai, Daewoo and Yukong, bought a 5 per cent stake in the project from Shell, the Anglo-Dutch oil group, for an undisclosed amount. Shell, which discovered the gas reserves in central Oman, has been left with a 30 per cent share.

The government of Oman has a 50 per cent stake. It is the first time Korean industrial companies have bought into an LNG project at such an early stage. Robert Corzine

## Japan's recovery continues

Further evidence of a mild Japanese economic recovery emerged yesterday, in the form of a positive showing by a basket of economic indicators for the fourth month in a row. The government's Economic Planning Agency said its leading diffusion index, pointing to conditions several months ahead, stood at 70 per cent in December, the fourth month at which it had stayed above the 50 per cent line between expansion and contraction. This nevertheless marked a slight worsening in conditions from November's 80 per cent. William Dawkins, Tokyo

## Israel settlements warning

France and Jordan have warned Israel against construction of a Jewish settlement in Har Homa, east Jerusalem, joining criticism from the US and UK to plans by Mr Benjamin Netanyahu, Israeli prime minister, to expand settlements in the east of the city. King Hussein (left), who along with Washington helped forge the Israeli troop withdrawal from the West Bank city of Hebron last month, said any construction projects in Jerusalem could pre-empt the final status talks due to start next month. These talks will focus on Israel's future borders and, above all, Jerusalem's future.

Judy Dempsey, Jerusalem

## Orders for Boeing, Ilyushin

Russian airline Transaero yesterday said US aircraft-maker Boeing and Russia's Ilyushin had jointly won a tender to supply new aircraft, in a deal which should help Russia's ailing domestic aerospace industry. Transaero will buy a yet undetermined number of Boeing 737, Boeing 767, and Ilyushin 96M/T aircraft. The order would be "in the tens of each type," said Transaero general director Mr Alexander Pleshchikov. Extimbank has granted \$1.1bn in credits to Ilyushin to finance purchase of US-made equipment for construction of the new 1196M/T aircraft. The EBRD supplied an additional \$480m. Charles Clover, Moscow

## Duma seeks investment curb

Russia's Communist-dominated state Duma yesterday gave preliminary approval to two laws imposing broad but conflicting restrictions on foreign investment. A government-sponsored draft passed 271-3, forbidding foreign investment in a narrow range of sectors and allowing for limits to others, such as precious metals and stones and some telecommunications. But the Duma also approved by 261-10 amendments backed by a hardline legislator which extended the ban on investment in telecommunications and electric utilities. Limits could be imposed on investment in financial services, including media and advertising. The measures are unlikely to be passed in their present form. AP-D, Moscow

## Ice-cream cabinet loan frozen

Unilever, the food group, has been told by the European Commission to stop providing ice-cream freezer cabinets on free loan to retailers in Ireland because the practice infringes EU competition rules. The decision is a boost to efforts by rival Mars to weaken Unilever's leading position in Europe's \$5bn (\$8bn) a year ice-cream market. Brussels says that, in the Irish market, dominated by small shops, provision of freezer cabinets in practice forces many recipients from selling ice-cream other than Unilever's.

Neil Buckley, Brussels

## Danish Conservative quits

Mr Hans Engell, chairman of Denmark's Conservative party and his party's candidate to become prime minister after the next election, yesterday announced his resignation after a police test found he was driving under the influence of alcohol when involved in a road accident on Thursday morning.

Hilary Barnes, Copenhagen

Portugal's president Jorge Sampaio, the only foreign head of state to be in China during funeral ceremonies for Deng Xiaoping, arrives in Beijing tomorrow for talks with the Chinese leadership on the return of Macao to Chinese rule in December 1999.

Peter Wise, Madrid

## Junk mail bid to boost Greek privatisation

By Kerin Hope in Athens

Greek phone bills next month will include a leaflet explaining how the stock market works and encouraging individuals to become investors.

The campaign by the state-owned Athens Stock Exchange to boost the number of small shareholders comes after a surge in share prices and several new issues by public sector corporations. Trading was suspended for three days as bourse authorities made a desperate effort to assess the extent of the fraud.

Controls on trading and settlement have been tightened, brokerage houses have undergone special audits, and the Capital Markets Commission, the bourse watchdog, is acquiring its own team of auditors.

Share prices have soared by almost 40 per cent since the start of the year. For the first time since the early 1990s domestic investors are returning to the market in sizeable numbers, following the introduction of a 7.5 per cent tax on interest earnings from government bonds and steadily falling bank deposit rates.

But there may be some confusion as to whether investors in the countryside compare the stock exchange leaflet urging them to buy shares with advertisements in the Capital Markets Commission plans to place in provincial newspapers, warning them to watch out for unlicensed stockbrokers.

When OTE became the first large state corporation to be listed a year ago, people living in the countryside complained that they knew too little about the stock market to feel comfortable applying for shares.

Prof Xanthakis claims that the stock exchange has overcome damage caused by the fraudulent trading scheme involving a handful of small capitalisation stocks and several Greek brokerage houses. Trading was suspended for three days as bourse authorities made a desperate effort to assess the extent of the fraud.

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## Clash with investigators over campaign fundraising documents

## Clinton aides defy Congress

By Gerard Baker  
in Washington

Two central figures in the controversy over fundraising by the US Democratic party yesterday refused to hand over documents to a congressional committee investigating the alleged improprieties.

Mr Webster Hubbell, a friend of President Bill Clinton, and Mr John Huang, a leading Democratic party fundraiser, both claimed privileges under the fifth amendment of the US constitution protecting them from self-incrimination.

They refused to comply with a subpoena from the House of Representatives' government reform and oversight committee to hand over documents of possible

## IMF delays Russian funding

By Christia Freeland in Moscow and Gerard Baker in Washington

An International Monetary Fund mission left Moscow yesterday without recommending payment of the monthly tranche of the Fund's \$10.2bn loan to Russia - a decision which effectively means a delay in payment.

Russian and IMF officials said the Fund was concerned about Moscow's continued difficulties in collecting enough revenue to finance its budget. However, both sides stressed that dialogue would continue and the IMF appeared satisfied with other aspects of Russia's economic performance.

Over the past year the IMF

has twice delayed payment of the \$340m monthly tranche to Russia, once last July and then at the end of last year. The hold-ups are closely watched by foreign investors, who see regular payment of the IMF loan as an important measure of the health of the Russian economy.

"We had very poor revenue collection in January, that is why the mission could not come to a decision," Mr Alexander Livshits, minister of finance, said yesterday. "But collection in February is more or less at normal levels."

He said Russia's debut on the international capital markets last year as a sovereign borrower had made the country less dependent on

prompt payment of the IMF loan.

However, he said that as a litmus test the IMF remained crucial.

"The money itself is not that important to us, we can cover any shortfall with a eurobond issue," Mr Livshits said. "The important thing is our respect for the Fund. We know what weight they have in the world economy."

In Washington the IMF said a number of issues were unresolved. "Discussions on the 1997 programme were very productive. There was substantial agreement on many aspects. But there are a few technical issues which remain to be resolved in both the macro-economic and structural areas."

The Fund's team would

consult the IMF management in Washington and then return to Moscow in the near future for further discussions with the Russian government.

As a result, the decision on whether to recommend the completion of the monthly review, and the release of the final monthly tranche of the advance, had been delayed until the remaining questions for 1997 as a whole could be agreed.

The mission is expected to return to Moscow soon, perhaps within a week, although a final decision has not been taken. As well as evaluating Russia's January economic performance, the IMF is negotiating an economic programme for 1997 with Moscow.

## DM1bn extra municipal credits ■ Retailers to buy more from the east

## Bonn acts to boost eastern economy

By Peter Norman in Bonn

The German government yesterday announced two initiatives to support eastern Germany's struggling economy.

The move will help defuse unrest among 66 east German members of Chancellor Helmut Kohl's Christian Democratic Union who have been demanding more help for the region.

To bolster municipal investment, Mr Theo Waigel, the finance minister, said Kreditanstalt für Wiederaufbau (KfW), the federal government's investment bank, would increase a programme of long-term infrastructure credits for east German local authorities to DM3bn

(\$1.7bn) from DM2bn. Separately, east German consumer goods manufacturers were promised a stronger market for their products in German shops following the intervention of Mr Kohl.

After a meeting late on Thursday between the chancellor and senior retail trade executives, the government announced that leading retail companies had agreed to increase their purchases of east German consumer goods to double the 1995 level by 1998.

Bonn also pledged to support a new trade fair for east German consumer goods in the hope that the region could lift its share of consumer goods output from the current 7 per cent to a level

more in line with east Germany's 19 per cent share of the population.

Mr Waigel's plan for more KfW credits came in response to demands by east German CDU MPs for DM600m to compensate the municipalities for value added tax revenues that they had expected to receive but which have been blocked because of a parliamentary stalemate in Bonn. The credits, which run for 30 years, have a fixed 3.8 per cent rate of interest for the first 10 years.

Finance ministry officials dismissed suggestions that the increased lending programme was a Maastricht Treaty-inspired move to avoid overburdening the fed-

eral budget and so reduce the risk that Germany's public deficit this year might exceed the limit of 3 per cent of gross domestic product for economic and monetary union.

Officials at KfW in turn said that the infrastructure programme ran no risk of running foul of the European Commission's campaign against unfair government subsidies because the funds were being provided by the bank and would not distort competition. They also saw no risk that the lending programme would embroil the KfW in the Commission's investigations into the alleged competitive advantages enjoyed by Germany's publicly owned Lan-

desbanks.

Meanwhile, the Bundesrat, the second chamber of the German parliament representing the federal states, yesterday adopted a resolution calling on the Bonn government to negotiate a protocol to the EU treaty that would secure the current status of Germany's Landesbanks and municipal savings banks and their ability to conduct business under state guarantee.

The resolution was supported by all parties and passed to show the Commission that a strong political consensus in Germany supported the Landesbanks and savings banks and rejected the idea that they were operating illegally under EU law.

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## Shanghai gang looking to call the shots

By James Harding in Shanghai

Miss Wang, who serves behind the cosmetics counter at Shanghai's No 1 Department Store, has had a typically busy couple of days. "People need to buy moisturiser. They couldn't care much if Deng Xiaoping has passed away."

It is an eloquent expression of how local residents have embraced the consumerism fostered by Deng's economic reforms, but how little they have mourned the man. On the Nanjing road, China's busiest retail strip and a garish example of how Deng's "market socialism" transformed a monochrome landscape of state-run stores into a consumer metropolis, people were cheerfully opening for business. "It may be an important day for history," said a shoe shop owner, "but it is a normal business day for me."

The contrast with the mood and reaction of people when the other titans of communist China, Mao Zedong and Zhou Enlai, died could not be starker.

When Zhou passed away in January 1976, Beijing was silenced by grief. In the months that passed, citizens were first dismayed by the inadequate ceremony that raised his death and then angered by the politicking of his successors. By the time of the Chinese festival of homage to deceased ancestors in April, thousands of people gathered in Tiananmen Square with wreaths, banners, poems and placards to pay their respects to Zhou.

Hysteria gripped China when Mao died. More than 300,000 people filed past his coffin in the Great Hall of the People, and factories across the country closed to hold their own funeral ceremonies - a mass outpouring of emotion, in some cases genuine in others orchestrated by the party.

There will be no lying in state for Deng, who abhorred the communist predilection for personality cults, and the equanimity with which Shanghai has met his death is in part a tribute to a ruler who shunned China's corrosive, imperial pomp.

"Deng was an old statesman. He has died. When Zhou Enlai and Mao Zedong passed away, you felt like you had lost your mother and father," remembered Mr Hu, a retired electrician in People's Square yesterday. Around him, others were enjoying perfect spring weather.

But there are darker reasons for Shanghai's composure. "Why should we be sad? He might have been good for the economy, but he butchered the students in Beijing," said one young graduate, echoing the widely held view that Deng's reputation was irretrievably tarnished by the bloody decision to turn the military on student protesters in Tiananmen Square in 1989.

There are also those still smarting from a perceived snub to Shanghai. "Why did he choose to develop Shenzhen first and make us wait until 1990? If he had started in Shanghai, the real financial centre, we would be 10 times richer," complained one stockbroker.

Now Deng has gone, locals are hoping the next generation of leaders - President Jiang Zemin and Vice-Premiers Zhu Rongji and Wu Bangguo, all previously mayors of Shanghai - will emerge from the old man's shadow. As the confident broker put it: "Comrade Deng's death will really start calling the shots."

Editorial Comment, Page 8.



Kim Hyun-chul, President Kim Young-sam's second son, arrives at the Seoul prosecution office for questioning.

## Shadowy Kim enters Hanbo loans scandal arena all guns firing

### Spotlight hits president's son

The appearance yesterday of Mr Kim Hyun-chul, son of South Korea's president, before prosecutors investigating the Hanbo loan scandal, has thrown the spotlight on one of the nation's most discussed, but shadowy, figures.

Officially, Mr Kim has been doing nothing more than studying for a doctorate in business administration at Korea University ever since his father became president in early 1993. He also recently became head of the local chapter of the UN Youth Association.

But the 37-year-old second son of President Kim Young-sam, has been subject of much gossip among politicians and businessmen about his political influence and financial dealings. His reputation as his father's closest adviser has earned him the nicknames of "crown prince" or the "vice president" in a nation that does not have one.

His influence extends from selecting key personnel,

including the defence minister and the head of the spy agency, to shaping business and finance policy. Ms Shin Nak-kyun, an opposition MP, told parliament recently.

The uncertainty is whether the stories told about Mr Kim are true. "Hardly anyone says a good word about him, but whether the allegations against him are true is another matter," said a western diplomat. "There is lots and lots of smoke, but we still can't see the fire," said a senior banker.

The Korean press has normally shied away from reporting on Mr Kim because of his litigious nature. In 1995, he successfully sued for libel one local newspaper after it alleged he received illegal contributions for his father's presidential campaign in 1992. Mr Kim threatened libel suits against the Los Angeles Times and Le Monde when they published similar allegations.

But the Korean media has declared open season on Mr

North Korea yesterday said it would attend a briefing on proposed peace talks to end the 1950-53 Korean war, writes John Burton. The session, in New York on March 5, marks the first time in more than two years that North and South Korea will hold official contacts, heralding a possible improvement in relations. The US and South Korea last year proposed four-party peace talks, to include China, in an effort to promote stability on the Korean peninsula. The recent announcement by the US and South Korea that they would contribute a total of \$16m to a UN appeal for North Korean food relief persuaded Pyongyang to attend the session.

Kim with the bribes-for-loan scandal involving Hanbo Steel, which collapsed recently. Opposition politicians say Hanbo made big contributions to the president's 1992 campaign. In return, they allege, his son pressed state-run Korea Development Bank to give Hanbo loans.

Questions have also been raised whether the government blocked proposed entry of the giant Hyundai group into the steel business to protect Hanbo from competition. The allegations have caused the president's popularity to drop markedly.

While the ruling party has dismissed the allegations as a "collection of groundless rumours," Mr Kim has issued libel suits against six opposition MPs. His appearance yesterday before prosecutors was to answer questions in connection with the libel suit. Some believe Mr Kim has a strong case. "It will be hard to prove a direct link between any alleged campaign contributions and the bank loans. There is no evidence he took bribes for loans, unlike others who have been arrested in the case," said the diplomat.

The only evidence linking

Mr Kim to Hanbo is the recent discovery in a company warehouse of 10,000 copies of a book he has written. The opposition claimed this proved that Hanbo was indirectly subsidising Mr Kim by purchasing his book.

Mr Jay Yoo, an opposition MP, said Mr Kim's alleged involvement with Hanbo is more a "moral and ethical" issue than a legal one. "If he has engaged in influence peddling, it is wrong."

The latest libel suit has provoked questions about how he has financed his legal battles. Mr Kim "has no official post and no particular profession and no source of income," said Mr Park Moo-jong, of the Korea Times.

Even if he wins his libel suit, Mr Kim appears to have lost the battle in the court of public opinion. Rightly or wrongly "his son is the Achilles' heel for President Kim," as one magazine put it.

John Burton

## Oman breaks new ground with \$200m eurobond

By Roula Khelef in London

Oman is to become the first Arab Gulf state to tap international debt markets with a \$200m five-year eurobond issue now being marketed by J.P. Morgan, according to city bankers.

The fixed rate issue is aimed at raising the country's profile among international investors at a time of huge investment needs. It will set a benchmark for local

private sector companies to raise funds on international capital markets.

With the energy sector accounting for more than 40 per cent of gross domestic product and 80 per cent of government revenues, the small oil producer has been committed to reducing its dependence on oil by promoting private sector development.

Multi-billion dollar export-oriented investment projects are

planned, including the exploitation of natural gas reserves through the construction of a huge liquefied natural gas export facility, expected to be running by the year 2000. Petrochemical, aluminium and fertiliser schemes are also under way.

At current rates of production of about 800,000 barrels per day, Oman's oil reserves are estimated to last for another 16 years. Its ambitious diversification plans,

dubbed Vision 2020, aim to reduce the oil sector's contribution to GDP to 10 per cent, while gas will account for another 9 per cent.

Oman has enjoyed an average growth rate of 6 per cent between 1991 and 1995, according to research by J.P. Morgan. But between 1991 and 1995 it ran fiscal deficits of about 9 per cent of GDP a year. Meanwhile, balance of payment deficits in the past three years have been financed by draw-

ing down on foreign assets. To finance its investment needs, economists say Oman will need to increase savings, domestically and from abroad.

According to city bankers the eurobond issue should carry a tight spread of between 65 and 75 basis points over US Treasuries. It will mark the first rated sovereign issue in the Arab world. Both Moody's and Standard & Poor's have assigned Oman an invest-

ment grade rating.

Oman imposes a ceiling on government borrowing and the funds from the eurobond issue are expected to be used to retire more public debt. At the end of 1996 public debt stood at OR375m (\$975m) and external debt at about OR1bn, nearly reaching the ceiling of OR1.5bn, or 26 per cent of GDP. Debt payment last year was a manageable 11 per cent of exports.

## Zeroual ally forms party ahead of poll

### Move highlights break-up of Algeria's former ruling party

By Roula Khelef

An ally of Algerian President Liamine Zeroual yesterday announced the formation of a political party ahead of legislative elections in May or June.

Mr Abdelkader Bensalah, who heads the government-appointed National Transitional Council (CNT), said his new party, the National Democratic Rally, would draw support from union, veteran, peasant and women's associations. These organisations supported Mr Zeroual in 1995 presidential elections.

Mr Bensalah stepped in to head the party after the murder last month of Mr Abdelhak Benhamouda, leader of Algeria's main union. Mr Benhamouda, also a Zeroual ally, had made public his plans to start a new party.

The emergence of a "presidential" party is a clear sign of the disintegration of the National Liberation Front (FLN), the former ruling party which went into opposition in 1992, when elections the Islamic Salvation Front (FIS) were about to win were cancelled by the army.

The National Democratic Rally, by drawing on pro-Zeroual associations, aims to strip the FLN of much of its support.

The FLN is already split between the pro-government leadership and the more respected anti-government reformist wing.

The new party is also designed as a counter-weight to Hamas, the legal Islamist party which the government assumes will attract many former FIS supporters. The FIS, banned since 1992, is excluded from the upcoming elections.

Hamas, considered a moderate Islamist party, has maintained an often cosy relationship with the army, hacked government and is expected to emerge as a leading contender in the elections. Hamas' candidate won 25 per cent of the vote in the 1995 presidential elections, on the strength of FIS support.

Hamas and Nahda, the other legal Islamist party, have been given two months to conform to Algeria's new laws, which aim to ban the use of religion in politics. The parties will have to strip any mention of religion from their titles and political programmes.

After November's constitutional amendments diluted the powers of the next parliament, the CNT last week adopted a more restrictive law governing political parties and backed a voting system based on proportional representation.

The measures are aimed at preventing a repeat of the first round of legislative elections in 1991 which saw the FIS poised to control the national assembly under the majority voting system. The army's cancellation of the second round of polling plunged the country into a cycle of violence which has claimed more than 50,000 lives.

As the elections approach, the government has stepped up its campaign to root out Islamic militants. Criticised by Algerians for failing to prevent the recent wave of massacres and blasts blamed on FIS splinter groups, the army offensive has already led to 200 militants being killed this month, according to press reports.

## Fillip for HK pensioners

By John Ridding in Hong Kong

Hong Kong legislators yesterday gave a new lease of life to the proposed compulsory pension scheme, voting to approve a further HK\$50m (US\$6m) in funding for the agency drawing up the scheme.

The vote had become a test of political backing for the so-called Mandatory Provident Fund (MPF). The government has pushed the scheme, to provide for the

territory's ageing population and to stimulate its fund management sector.

According to official estimates, the MPF will generate an additional HK\$30bn-HK\$40bn annually for Hong Kong's pensions industry. Staff will contribute 5 per cent of their salaries, a sum matched by their employers, while assets will be managed by the private sector.

Yesterday's funding approval provides for another 13 months of operation for the MPF office. Ms

Pamela Tan, MPF director, said the aim was to submit legislation as early as April to allow legislators time to scrutinise proposals.

The vote maintains momentum in the MPF, but the scheme still faces a race against time. With the existing legislature set to be replaced by a Beijing-backed body when the territory returns to Chinese sovereignty on July 1, failure to reach consensus on the hills before the handover could lead to hiatus and delay.

## WEEKEND FT

# how to spend it



Why are the impossibly haughty sales assistants in Manhattan's temple of chic finally showing signs of warmth? Where can you have your portrait painted without losing face (and for under £400)? Why should you take your time when choosing a wristwatch? And which lesser-known breeds of South African game park offer the true bush experience? Find out on Saturday, March 1, in the Financial Times' how to spend it colour magazine.



## NEWS: UK

# Ministers postpone legislation on euro

By Lionel Barber in Brussels and John Kampfner

The UK government, fearful of antagonising Conservative Eurosceptics, has abandoned efforts to pass legislation on the legal status of the euro until after the general election.

The move will disappoint the City of London, which sees the legislation as crucial for ending uncertainty about trading and issuing contracts denominated in the single European currency.

Government officials acknowledged last night that the decision had been taken by cabinet and

party business managers to prevent a split among Conservative MPs so close to the election.

"You can draw your own conclusions why it had to be done this way," said an official. "It would not have been much fun getting this through."

The legislation specifies the one-for-one rate for converting European currency units (Ecu) into euro and secures the continuity of contracts - such as bonds and derivatives - after the planned launch of the single currency in 1999.

The UK government agreed a legal text at the European Union

summit in Dublin last December, but retained a parliamentary reserve over it. Without a House of Commons vote, the legislation cannot go forward to the Council of Ministers in Brussels and become EU law.

"The reserve will be lifted early in the new parliament," said an aide of Mr Kenneth Clarke, the UK's chief finance minister. "Given that the text has been agreed, a delay should not cause any uncertainty."

Mr Clarke has informed Mr Yves-Thibault de Silguy, French commissioner for monetary affairs, that the government would not be

able to lift its parliamentary reserve until after the election, expected on May 1.

Mr Clarke pledged to secure passage after the election and before the EU summit in Amsterdam in mid-June, which is also meant to wrap up the Maastricht treaty review conference.

In Amsterdam, EU leaders are also supposed to agree on the operation of a reformed European exchange rate mechanism.

Mr Tim Sweeney, director-general of the British Bankers Association, said the City had led lobbying efforts in Brussels to clarify the legal status of the euro. "Anything

which limits uncertainty is good for bankers," he said.

Mr John Redwood, one of the Conservative Eurosceptics' main challengers for the party leadership in the event of a general election, welcomed the delay. "Britain should be using all her votes on matters relating to a single currency to put some common sense into her partners."

The delay in a vote on the legal text is an attempt to avoid a repeat of a row last December, when Eurosceptics forced the government to hold a full Commons debate on documents relating to the terms of the stability pact.

## Liberal Democrat opposition campaigns on small budget

### Motorised poster takes to the road

By George Parker, Political Correspondent

The Liberal Democrats, the UK's second largest opposition party, yesterday unveiled their national advertising campaign for the general election - a single poster on the side of a truck.

The motorised billboard set out on a tour of marginal seats in London before embarking on a vote-winning mission up the M40 motorway: the rented vehicle had to be back at its depot in Oxford, about 80km from London, by 8pm.

Liberal Democrat chiefs admitted the one-day poster tour, which cost the party £2,000 (£3,240), is the nearest they will come to a national advertising campaign in the run-up to the election.

With only £1.25m left in the campaign kitty, the party cannot afford any fixed poster sites - nor will it be able to advertise in the national media. Instead, the Liberal Democrats will focus their cash on wooing voters in about 50 target seats, many of them in the south of England.

"The campaign will be mean and lean," said Lord



Let me in: Paddy Ashdown campaigning with the £2,000 mobile poster in London yesterday

Holme, who heads the party's general election team. "We think the slick marketing techniques of the other parties will alienate voters."

Yesterday's advertisement is typical of the low-cost election strategy being pursued by the Liberal Democrats.

While the Conservative election campaign is bankrolled by corporate donations and Labour, the main opposition party, can count on the support of trade unions, the Liberal Democrats have to rely mainly on individual contributions.

Lord Holme said the party had about £2.5m in its national campaign kitty, but

around half of that had already been spent on preparing the ground in its top target seats.

The remaining fund is tiny compared with that available to the other parties.

The Conservative party is thought to be spending £5m on one set of advertisements alone, with a "lion" theme, and Labour is expected to mount a similarly lavish campaign.

Meanwhile, Labour's hopes of securing a pre-election deal with the Liberal Democrats on constitutional reform looked in doubt yesterday after Mr Paddy Ashdown warned that the talks might have to be adjourned

until after polling day. The Liberal Democrat leader believes the cross-party talks have failed to make sufficient progress.

Labour wants a deal in the next few weeks, to clear the way for the smooth passage of its sweeping package of constitutional reforms if it wins the election. Mr Robin Cook, Labour's spokesman on foreign affairs, said a week ago that a conclusion to the talks was "within sight".

But senior Liberal Democrats are less confident a deal can be struck, particularly as Labour has made no obvious concessions on the question of electoral reform.

## Binder's partners settle out of court

By Jim Kelly, Accountancy Correspondent

About 150 former partners of BDO Binder Hamlyn, the UK accountancy firm, have agreed an out-of-court settlement of \$86.1m with ADT, the US-based security firm, it was announced yesterday.

The settlement is one of the largest ever reached with a UK firm but is far less than the \$65m - £105m with interest and costs - awarded by a High Court judge when the case was brought by ADT in 1995.

The partners had planned to fight that judgment at the Court of Appeal last year. It was understood to strip the firm's professional insurance cover by £34m (\$55m). The settlement can be met through existing cover.

The agreement comes less than 24 hours after the UK government unveiled detailed plans to allow UK firms to shield partners' personal wealth from litigation stemming from the negligence of fellow partners.

"The costs and the uncertainty of the outcome of litigation have influenced us in taking this essentially commercial decision," said a spokesman for BDO Binder Hamlyn.

Accountants had hoped the appeal case would settle whether they could owe a "duty of care" to a company, with which they had no formal contractual relationship.

ADT alleged that, at a meeting in 1990, Mr Martin Bishop, a Binder's audit partner, gave a verbal assurance to ADT about the 1989 accounts of Britannia Security Group - a company which BDO Binder Hamlyn had audited.

ADT went on to purchase Britannia Security Group and said it had based its price on Mr Bishop's assurance on the accounts - even though he was not employed by them as a reporting accountant.

ADT said that when the takeover was over it had found BSG was worth £40m - rather than the £100m it had expected.

BDO Binder Hamlyn ceased trading in October 1994 when the London practice merged with Arthur Andersen Worldwide Organisation.

## Cabinet to settle navy ships row

By James Buxton and Bernard Gray

A row between ministers over a £200m (\$324m) contract for two Royal Navy oil tankers is expected to go to a full cabinet meeting, after an attempt at mediation by Mr Michael Heseltine, the deputy prime minister, failed to settle the dispute on Thursday.

Mr Michael Forsyth, the chief minister for Scotland, is trying to have the contract awarded to the Kvaerner Govan yard in the Scottish city of Glasgow, but Mr Michael Portillo, the chief defence minister, wants it to go to the VSEL shipyard at Barrow, in north-western England. A cabinet sub-committee meeting chaired by Mr Heseltine yesterday failed to resolve the argument and it will now have to be decided in full cabinet.

Mr Forsyth has raised the stakes in the dispute by arranging to tour the Kvaerner Govan yard for two hours on Monday.

It was Mr Forsyth's intervention last Monday which halted a Ministry of Defence announcement that the two oil replenishment ships would be built in Barrow.

The Scottish Office is concerned that if a consortium of Kvaerner Govan and British Aerospace fails to win the contract the yard may face closure next year.

The Norwegian-owned yard has only one ship under construction, which is due for completion next year.

But the MoD wants the contract to go to VSEL, which is owned by General Electric Company. It believes the deal with VSEL offers the best value for money and will enable VSEL to keep its workforce intact, which will help it fulfil other MoD warship contracts. The ministry wants to keep Barrow open because it is needed for building big surface ships and submarines.

Kvaerner Govan argues that, since the ships are unlikely to come under risk of attack, it can build the two ships more cheaply than VSEL if the MoD drops its insistence on having the vessels built to warship standards.

The Scottish Office fears that GEC plans in the medium term to concentrate warship building at Barrow.

## UK NEWS DIGEST

## Freed trio were 'falsely accused'

Three men who served 18 years in prison for the murder of Carl Bridgewater, a newspaper delivery boy, in 1978 were released by the Court of Appeal yesterday after it was accepted that police had almost certainly forged a vital statement to secure their conviction.

The release of Mr James Robinson, Mr Vincent Hickey and Mr Michael Hickey ends a lengthy public campaign to have the convictions overturned. This is the latest in a number of high-profile miscarriages of justice cases, which include those of the individuals freed after being falsely accused of the Birmingham and Guildford pub bombings in the 1970s.

Tests indicated two police officers had forged a statement supposedly made by Mr Vincent Hickey which was used to persuade Mr Molloy to confess, the court heard. The men's convictions are expected to be quashed after a full appeal hearing in April. They were yesterday released from prison on bail.

Carl was shot while delivering a newspaper to a farmhouse. At the men's trial, it was alleged one had shot him because he had interrupted their attempt to burgle the house.

John Mason

## ECONOMY

### Spending fuels steady growth

Buyer's consumer spending on cars, services and household goods fuelled the acceleration of economic growth in the fourth quarter last year, but investment remained weak.

Figures published yesterday are likely to strengthen the hand of Mr Kenneth Clarke, the chief finance minister, in resisting calls for higher interest rates. They showed the economy grew strongly but steadily at the end of last year, calming fears of an inflationary consumer boom.

The Office for National Statistics said gross domestic product grew 0.8 per cent in the fourth quarter of last year - its fastest rate of growth for two years. Consumer spending rose 0.9 per cent in the fourth quarter, a slightly slower pace of growth than earlier in the year, but 3.7 per cent higher than in the same period a year earlier and the biggest annual increase since 1989.

However, investment grew by only 0.2 per cent after a large drop in the third quarter, and most new investment was in housing rather than in new plant and machinery. This was in spite of company profits being 21 per cent higher than in the same period a year earlier.

UK exports grew more strongly than imports, despite the strength of the pound.

Excluding oil and gas extraction, the economy grew 0.7 per cent in the fourth quarter to reach a level 2.5 per cent higher than a year ago.

Graham Bowley

## LOCAL GOVERNMENT

### Chief forced to drop directorship

Ms Heather Rabbatts, the high-profile chief executive hired to head Lambeth, a London local authority, has been forced to step down as a non-executive director of Centrica, the British Gas offshoot, after pressure from Conservative councillors.

Local Conservatives opposed the appointment on the grounds that it would create a conflict of interest and would be a "distraction" from her local authority responsibilities.

By opposing the move, Conservative councillors ignored an appeal from Lord Sheppard, the Tory peer. In a letter to councillors, he argued that Ms Rabbatts' appointment would be an inspiration to other ethnic minority women and a signal of the increasing co-operation between public and private sectors. Ms Rabbatts said there would have been no conflict of interest.

Mr Jim Dickson, leader of the Lambeth Labour group, said: "It is an act of political spite by the Conservatives." Labour, which runs the council in with the Liberal Democrats, the UK's third biggest party, has been trying to bury Lambeth's reputation as one of the worst victims of 1990s municipal socialism.

David Wighton

## WATER

### Suppliers plan 'costly' reservoirs

The water industry will step up pressure to build expensive new reservoirs - to be paid for by its customers - as part of nationwide consultations to be launched on Monday to avert a "disastrous" water crisis within 10 years.

The Water Companies Association, which represents water-only suppliers, will also urge the government to change the law to allow a controversial redistribution of water abstraction licences among companies. The WCA said it wanted to bring together all the water and sewerage companies, regulators, consumers, and environmentalists to devise "a long-term plan" to keep supplies in step with the twin demands of growing consumption and a drier climate. It said Britain otherwise ran the risk in the early 21st century of hosepipe bans every summer, cuts in water supply, rivers drying up and fish dying.

Ofwat, the industry regulator, which is examining the companies' latest plans to conserve water, said that to keep bills down, demand management had to be tried before new reservoirs were developed.

Leyla Boulton

## Spotlight on valuation methods

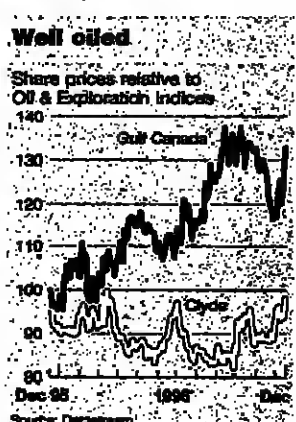
Clyde deal has highlighted differences in UK and US approaches

When Mr JP Bryan, head of Gulf Canada Resources, said he wanted to pay for the "steak and not the sizzle" in his takeover bid for Clyde Petroleum, he gave the UK oil sector food for thought.

His comments brought the differences between the US and UK valuation methods into sharper focus. For his lack of interest in the "sizzle" of future production and exploration success appeared in direct contrast to the desires of the UK market.

The £494m (\$800m) hostile battle, which Mr Bryan won on Tuesday, has opened up the debate about valuing exploration and production companies. Historically, the UK market has focused on valuing the net assets of exploration companies, whereas US companies tend to be judged by their cash-flow multiples. These multiples use forecasts of operating profits plus depreciation divided into current share price. The difference partly reflects the preponderance of more mature US producers, compared with the more "wildcat" UK explorers.

US exploration companies typically work onshore and drill a large number of smaller and inexpensive



wells, making cashflow estimates relatively easy for several years in advance. The UK companies tend to work offshore on fewer but larger wells, set to come on stream far into the future.

UK analysts estimate future production from these and then discount the cash to arrive at a present value. The method was prompted by the specific attributes of the UK industry.

Mr Robert Arnott, oil analyst at SBC Warburg, says: "Five years ago, when you were looking at companies in the North Sea with no production, you had to use discounted cashflow. There was no other way to do it."

The bid for Clyde has helped highlight the US valuation method. When Gulf launched its bid, Clyde was trading on an average 1996 cashflow multiple of less than four times, lower than any other company in the sector and far lower than Gulf's in Canada.

Yet Clyde had not looked particularly cheap as it was trading at a 10 per cent premium to its average net asset valuation. The valuation gap related chiefly to Clyde's poor exploration record and focus on growth through acquisitions.

Analysts doubted Clyde's ability to sustain value when an exciting discovery looked a remote prospect. Mr Ray Franklin, Clyde's managing director, argued that Clyde was more of a manufacturing company than it was given credit for. It could keep on producing oil and cash in the same way that US companies could. This argument failed to prevent Clyde's valuation - even after the bid in December - lagging behind that of its peers.

Companies that are not expected to produce cash for years were trading on higher multiples than Clyde, chiefly because of exploration

hopes. One analyst said: "Some wildcat companies have market capitalisations that are not feasible under any valuation while dull, solid companies like Clyde seem to be overlooked."

The use of cashflow multiples in the UK is not new. As one analyst said: "It's a growing way of valuation. It probably just came a little too late for Clyde." One institutional investor said that his fund had been using a combination of both methods for several years, prompted by dissatisfaction with net asset valuations.

"Analysts have so much scope to adjust the net asset valuations, that they tend to follow the share price around," he said. The scope includes oil price forecasts, risk factors and exchange differences.

The net asset valuation method also allows investors to gamble more. One broker said: "A lot of investors are there because they want the chance to strike it rich."

Analysts believe the cash-flow valuation method will gain more followers as the UK industry matures and companies provide a steadier flow of cash.

Jane Martinson

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JPX 21/520



# Pearson sells Hong Kong TV stake

By Tim Burt

Pearson, the media and information group, yesterday said it was selling its 10 per cent stake in Television Broadcasts (TVB), Hong Kong's leading broadcaster, for £111.1m.

The company, whose interests include the Financial Times, has agreed to sell the shareholding to Shaw Brothers, the Hong Kong communications and entertainment group which first sold the stake to Pearson for £108.2m two years ago.

Mr Greg Dyke, chairman and chief executive of Pearson Television, said the TVB investment had not created the hoped-for production and distribution opportunities for Pearson in Asia.

"We did not think we could achieve our aims through this investment, although it has given us great insight and experience of the television business in the region," Mr Dyke said. The group was considering investing in television production elsewhere in Asia, particularly in India.

Mr John Makinson, Pearson finance director, said the group was also reviewing its minority holdings in other television companies, including its 15 per cent stakes in the satellite channels, UK Gold and UK Living.

"We are looking at all these investments together and asking whether they are fully justified in cashflow terms," he added.

In Hong Kong, Pearson's TVB disposal will leave Shaw Brothers - the family company of Sir Run Run Shaw, the so-called "grandfather"

of Hong Kong broadcasting - with 33.5 per cent of the company.

Industry observers in Hong Kong described the move as a possible precursor to a shareholder restructuring at TVB, which could end with Shaw Brothers taking the company private.

Shares in TVB last month reached a high of HK\$34.50 following analysts' forecasts of improved advertising revenue and growing demand for TVB's lucrative library of Chinese-language films.

thought to be one of the largest in the world.

Pearson, which acquired its TVB stake at HK\$31.1 a share, has agreed to sell its holding for HK\$33.25 a share.

Mr Makinson said the proceeds would be used to reduce group borrowings, estimated at £450m-£500m at the end of 1996.

Yesterday, however, Moody's Investor Service downgraded Pearson's senior debt from A1 to A2.

The US credit rating agency said the move reflected uncertainties over

Pearson's strategic direction and expectations that its "debt protection measures" would not recover to previous levels.

Mr Makinson said Moody's was "clearly unaware" of the impact of the TVB disposal, adding that the company remained comfortable with an A2 rating and still enjoyed interest cover of more than five times.

The TVB share sale will result in a small exceptional gain for 1997, when pre-tax profits are expected to reach £250m-£260m.

## NEWS DIGEST

### Salvesen rebels reject plans

Rebel shareholders in Christian Salvesen, the distribution and equipment hire group, yesterday rejected the company's detailed plans to demerge and distribute £100m to shareholders.

Mr John Grant, the former LucasVarity finance director chosen by the rebels as Salvesen chief executive designate, said yesterday's Salvesen circular had failed to break their opposition. "The biggest surprise is that nothing is new," he said. "It fails to give substance to their contention of increasing value for shareholders."

The rebels, who claim to speak for 10 per cent of Salvesen shares, will oppose the cash distribution at an EGM on March 13. If they can secure a majority of the votes, they plan to install a new board with Mr Grant at its head and a brief to expand by acquisition.

But in the first detailed breakdown of the restructuring plan, Sir Alick Rankin, chairman, confirmed that the company will distribute £100m to investors through a foreign income dividend of 34p a share.

The dividend will be accompanied by a capital consolidation that will replace every nine existing shares with eight new ones. Mr Chris Masters, chief executive, said: "Effectively, this is a very tax efficient share buy-back." Details of the plan to demerge the Aggreko equipment hire business will be published in the summer.

Ross Tienman

### Inspirations shares rise

Shares in Inspirations, the vertically integrated tour operator, rose 44p to 804p yesterday, after Mr Jim Harris, chairman, told the annual meeting that passenger volumes were 12 per cent higher than this time last year. He also said average prices obtained were higher than last season.

Mr Harris said capacity for summer 1997 had been reduced by about 20 per cent in favour of margin and yields. The tour operating division's cost base had fallen accordingly. Summer 1997 passenger volumes were down in absolute terms, but the percentage of the programme sold was higher than last time.

The company floated on the USM at 100p in 1993. Inspirations reported a pre-tax loss of £13.2m (£7.7m profit) for the year to September 30 1996 and passed the final dividend.

Mr Ian Berry of house broker Beeson Gregory said he was leaving his forecast for this year's pre-tax profits unchanged at £5m.

Patrick Stiles

### Alpha Omikron dismissal

Alpha Omikron, the AIM-listed distribution company based in Monaco, yesterday said it had dismissed Mr Robert Bradshaw who was working at Wellington International Finance, the holding company for the group's medical insurance business.

The dismissal comes two weeks after Alpha Omikron announced the resignation of Henderson Crosthwaite, its nominated adviser and broker. Alpha Omikron could not be reached for comment.

Michael Lindemann

### Stordata in black with £1.5m

Stordata Solutions, the specialist IT distribution group, achieved pre-tax profits of £1.5m for the year to November 30 against a loss last time of £473,000.

The result, on turnover of £12m (£6.24m), was after exceptional charges of £200,000 (£80,000) and a £90,000 loss on the closure of Patriot, a start-up venture. The comparatives include results of Millgate prior to the merger in October 1995.

### Alexanders makes £20,000

Alexanders Holdings, the car retailer and distributor and fleet management concern, yesterday reported pre-tax profits of £20,000 for the year to September. Last year, the figure was £221,000, after a gain of £222,000 from the sale of its South Gyle facilities.

Mrs Aleksandra Clayton, chairman, said the performance of the group's franchised dealer operations had been disappointing overall, but Alexanders Contract Rentals had enjoyed another year of outstanding performance.

### Capita placing for purchases

Capita Group, the outsourcing and professional support services provider, is raising £11.85m in a vendor placing to finance two acquisitions.

It is buying Hartshead Solway, the pensions administrator, for £4.35m plus loan repayment of £400,000. The vendor is WFF Holdings, which is controlled jointly by seven regional water companies. Hartshead's income for the year to March 31 1996 was £6.6m with pre-tax profits of £544,000. Capita will become the UK's largest provider of pensions administration services with 1.8m lives under management.

The company is also acquiring the remaining 50 per cent of DriveSafe Services, its joint venture with JHP, the training, recruitment and business services company. DriveSafe set up and administers the theory test for learner drivers throughout the UK. Pre-tax profits in 1996 were £1.15m and net assets £292,000. The consideration is £7.5m plus 394,633 ordinary shares. A further profit-related payment of up to £5m may be made.

The placing of 1.94m new ordinary shares at 610p is underwritten by Close Brothers. The shares rose 7p yesterday to 6404p.

### Pilot board rejects offer

The independent committee of directors appointed by Pilot Investment Trust to decide on the offer by Undervalued Assets Trust has recommended that shareholders reject the bid.

The directors point out that if the bid were to succeed, UAT would acquire Pilot for an aggregate consideration of £46.9m whereas the smaller companies trust had net assets of about £33.2m at the last published valuation on January 31. "On this basis the consideration would be nearly 12 per cent less than your company's net book value," the directors said.

The board will be writing to shareholders before March 7 about ways of achieving higher value for them than available under UAT's offer.

■ ADT, the US home security company on the receiving end of a \$3.5m (£2.1m) hostile takeover bid, yesterday settled a lawsuit with Binder Hamlyn, the former auditors of Britannia Security, which ADT took over in 1990. ADT will receive a payment of \$77.5m with a further deferred payment of \$8.6m.

■ FIRST CALL: Directors of the ticket and management services company, yesterday said they were in negotiations which may or may not lead to a "significant acquisition of a related UK business". They had "noted" the recent movement in the company's share price, which yesterday rose 24p to 11p. At the beginning of the week, the shares stood at 7p.

■ GALLIFORD is continuing its strategy of concentrating on its core private housebuilding and construction contracting activities with the disposal of Galliford Roadstone, its construction materials arm, to a management team for £2.51m. Galliford also intends to withdraw from the specialist contracting business of Anoritz.

■ WACE GROUP, the imaging and specialist printing group, has contracted for the sale and leaseback of its site at Rathfriland, Dublin to Jackson Properties for £16.5m (£6.3m) in cash. The site was acquired in January 1996 as part of a purchase of assets from Hallmark Cards.

## Shield confirms heart test progress

By Roger Taylor

Shares in Shield Diagnostics, the loss-making healthcare company, leapt 110p to 2284p yesterday, after the company said that initial research confirmed that its test for heart disease appeared to work.

Heart disease is the developed world's biggest killer and the market for Shield's product, if successful, could be more than £500m a year. Its share price has quadrupled over the past month.

Shield has a patent on using tests for the presence in the blood of a chemical called APT, as a way of predicting propensity to heart attacks.

Research is being conducted in the US and UK to test the link between APT and heart attacks. If positive, APT tests are likely to take over from cholesterol tests as the main way of diagnosing potential heart attacks.

The company yesterday published a letter from the Medical Research Council which said that initial analysis of work by St Bartholomew's Hospital appeared to indicate that APT was a more accurate predictor of heart attacks than either cholesterol or another candidate predictor, fibrinogen. However the letter stressed that these findings were only preliminary and final results would not be available until later this year.

Shield was floated at 112p in September 1993, but the shares fell as low as 33p in 1995. Last month the company warned that it would make a loss of close to £1m in the year to March 31.

The current share price rally was started by a newsletter from the company which was optimistic about the prospects for APT tests. After the share price jumped the stock exchange asked Shield to confirm that the newsletter contained no new information.

Mr George Zajicek, a director of Shield, said: "The information in the newsletter had been published with our last set of interim results, but produced little interest at the time."

### VDC edges up to £733,000

VDC, the AIM-listed supplier of veterinary and dental health products, which recently issued a profits warning, lifted pre-tax profits for the six months to November 30 just £2,000 to £733,000 on turnover up 25 per cent to £38.1m.

Housa broker Beeson Gregory had cut its pre-tax estimate for the year to May from £2.7m to £1.7m after VDC revealed problems in the accounting systems of its recently acquired Procare Health subsidiary.

## Nesbitt searches for a trump card

Scheherazade Daneshkhu finds the Capital Corporation chief looking for better bid odds

Garry Nesbitt learned to sing and dance at theatrical school, but his fascination with odds and probabilities led him to apply for a job in 1961 at Crocford's, London's first legal casino, at the age of 19. Dressed in cravats and knee-breeches - "everything except the powdered wig" - he moved chairs, circulated chocolates and collected tips from the club's wealthy members before being promoted to the gaming tables where he handed out change to the croupiers.

Now as chairman of Capital Corporation - owners of Crocford's - he and Mr Alan Hearn, chief executive, have spent much of the week at the offices of their advisers, Hambros, engaged in drawing up a plan of action against the £178m hostile bid launched by London Clubs International on Monday.

Mr Nesbitt describes the 47-for-100 all-share bid as "most unwelcome". He says it undervalues the company and threatens to concentrate high-rolling London casinos in the hands of one player.

London Clubs, with seven casinos in the capital, including the Ritz, has up to 45 per cent of the drop - the amount exchanged for chips.

In the £1.7bn London market, Capital, with two casinos, has just under 25 per cent.

"Very few people are totally loyal to one casino," says Mr Nesbitt. "If they lose money they give their luck a try somewhere else. And what they like is an alternative management to greet them. If Capital fails to London Clubs, it will lessen the choice that these players have."

Mr Nesbitt built up Meca's casino division before Grand Metropolitan sold it in 1989 as London Clubs. He created Our Price records "as a sideline" and when he sold the chain to WH Smith for £48m, he staked his own money, with that of other backers, on buying Crocford's from Brent Walker for £50m in 1989.

Crocford's is London's oldest private gaming club. When it opened in 1829 its members were drawn mainly from the British aristocracy. Today, more than 80 per cent of its members are from overseas, many from the Middle East.

Players can win or lose up to £70,000 on a single spin of the roulette wheel and as much as £1m in a night. With such high stakes, returns can be unpredictable.



Hands off: Garry Nesbitt has described London Clubs' £178m offer for Capital Corporation as 'most unwelcome'

Fergus Wilson

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Mr Nesbitt

Costs last year included £3.5m due to the temporary closure of the Colony Club, Capital's second casino, which was reopened last summer after a £6.5m refurbishment. A further £1m was spent on a review of internal controls.

"The transition from one entrepreneurial casino to two has been difficult," acknowledges Mr Nesbitt. "Black-house internal controls including food and beverage were not consistent with plc standards and we needed someone to implement more sophisticated controls."

Hence the recruitment last October of Mr Hearn, a grammar-school boy who had worked his way up at Unigate in data-processing before joining Forte, where he built up the group's Little

Chief and Harvester restaurants, later developing the Travelodge division. Mr Hearn says that the computer-based cost controls are all in place and the company is now well positioned to take advantage of the expected upturn in the London market on the back of gaming deregulation.

The company says its target of realising 10 per cent of the London market for the Colony Club was achieved within six months of its reopening - a year ahead of expectations.

"We are probably the last play in terms of a good independent casino," says Mr Hearn. "We have yet to have a full year of trading from both clubs. London Clubs shouldn't be able to buy the Colony for nothing and that is what its offer is priced at."

## Hanson misses final curtain

By Jane Martinson

Hanson shareholders who attended the spectacle of the conglomerate's last day yesterday were disappointed when the anonymous hero of the show failed to turn up.

Lord Hanson, founder and chairman of the Anglo-American group, was busy elsewhere when shareholders approved the final stage of its five-way demerger.

On Monday, Hanson will trade as a separate building materials and equipment company. The former £10bn-a-year conglomerate will become one of the smallest constituents of the FTSE 100.

To the repeated questions of one shareholder, Mr Derek Bonham, chief executive, said: "Lord Hanson had other business commitments but he is in good health."

If he had attended the London meeting, Lord Hanson

would have heard small shareholders still pondering the reasons for the split. One said: "I little understand how you were so keen in merging all those smaller companies before and now you want to demerge everything." Another received applause when he said shareholders had been "hoodwinked" by the company.

Mr Bonham will become executive chairman of Energy Group, which the closing grey market price of 523p, valued at £2.7bn. Mr Hanson, at 2874p, was valued at £1.87bn.

Energy Group will combine Eastern Electricity with Peabody, the largest US coal producer. One shareholder asked whether these two groups should not also be split. "I have had enough of demergers and I think that they fit very well together," said Mr Bonham.

If he had any need to be reminded of what goes with a utility business, Mr Bonham fielded several questions about pay. One shareholder said: "It's absolutely nauseating to think that you have awarded yourselves such high salaries."

Hanson and Energy Group will produce quarterly results on Monday.

## Former schoolteacher chalks up a fortune

By Roger Taylor

Nord Anglia is set to be the first private schools operator to float on the stock exchange.

It is run by former secondary schoolteacher of English and economics, Mr Kevin McNeany. He and two venture capital companies are selling 2.5m shares, representing 19.7 per cent of the enlarged company, to raise £3.8m.

The company, which provides a range of educational services including school inspections and English language training as well as running schools, is raising £5.7m in a placing, valuing it at £16m. The money raised will be used to expand its fastest-growing divisions - nurseries and outsourcing services.

Mr McNeany, chief executive, will continue to hold 45 per cent of the company and has undertaken not to sell any more shares until April 1999. The company said the placing had been substantially oversubscribed.

Nord Anglia made pre-tax profits of £1.6m last year on turnover of £293m. Brokers Henry Cooke Lazard are predicting profits of £2.1m for the year to August 31, 1997, putting the shares on a

forward p/e of 14 times. The company said it intended to produce a dividend yield in the region of 3 per cent.

Nord Anglia set up its first nursery in January and plans to open three more this year. Each nursery costs £250,000 to build and can take 56 children from six months to fees of £110 a week.

The company said it was also seeing rapid growth in its outsourcing services divi-

sion which includes managing school inspections and providing part time lecturers to colleges of further education. Turnover for the division jumped from £551,000 in 1995 to £6.5m last year.

The company does not expect much growth from UK schools but said there were opportunities in eastern Europe. It runs international schools in Warsaw, Prague and Moscow.



Kevin McNeany: will hold 45 per cent of the company

### RESULTS

		Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividend/Share (p)	Total for year	Total last year	
Allied Leisure	8 mths to Dec 31	18.9	(9.7)	1.38 (0.515)	1.07 (0.53)	May 15	nil	0.1	0.5	
Alexander Holdings	Yr to Sept 30	0.119	(0.113)	0.020 (0.2219)	0.01 (0.01)	Apr 11	0.3	0.1	0.3	
Cheltenham Village GP	6 mths to Dec 31	10.4	(15.8)	0.41 (2.951)	0.2713 (2.471)	May 15	0.3	0.1	0.5	
Griffon	Yr to Dec 31	192	(154)	15.5 (11)	22.7 (57.2)	Apr 24	7.5	17.5	12.5	
Hickson Ltd	Yr to Dec 31	335	(413)	0.24 (0.24)	0.24 (0.24)	Apr 25	0.3	0.1	0.5	
Stordata Solutions	Yr to Nov 30	12	(2.24)	1.58 (0.4714)	1.251 (1.271)	Apr 4	1.275%	0.1	5.2%	
VDC	6 mths to Nov 30	38.1	(30.5)	0.733 (0.731)	4.741 (7.11)	Apr 4	1.275%	0.1	5.2%	
Investment Trusts										
		NAV (p)	Attributable earnings (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividend/Share (p)	Total for year	Total last year	
Jo'son Fry Second	Yr to Dec 31	101.73	(82.66)	2.14 (2.32)	7.37 (8)	2.144	Apr 15	2	7.3	6.8

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. \*After exceptional charge. \*After exceptional credit. †On increased capital. ‡Adm stock. §In cash. ¶Adjusted for share subdivision. \*\*Comparatives for 26 weeks. \*\*\*Comparatives restated. \*\*\*\*Interim.

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## COMPANIES AND FINANCE

Europe's biggest tyre maker to slim French operations in battle with "increasingly aggressive" competitors

## Michelin faces charge for 1,445 job cuts

By David Owen in Paris

Michelin, Europe's biggest tyre maker, plans to cut 1,445 jobs from its French tyre and distribution operations. In a move that could result in a significant charge.

The traditionally secretive Clermont-Ferrand based company yesterday confirmed the cuts would lead to provisions being included in its 1996 results.

It refused to stipulate the amount. However, analysts suggested a charge of about FF750m (\$87.6m) could be "in the ballpark", based on past provisions made by the company as a result of similar moves.

They estimated this could reduce the group's 1996 net profits, expected next month, from about FF3.35bn to nearer FF2.8bn - on a par with 1995.

Investors took yesterday's

announcement in their stride, with the company's shares falling FF2.10, or 0.6 per cent, to FF350.60, a decline only marginally steeper than the benchmark CAC 40 index.

The group said the reductions would come at its plants in Clermont-Ferrand, Joué les Tours and Troyes as well as distribution centres. It said a range of measures, such as internal transfers and a reduction in working

hours, should preserve 710 jobs. The net reduction in its 30,000 French workforce would therefore be 735.

The company attributed the decision principally to the need to improve its competitiveness. "In a very difficult economic context, characterised by rapid and unforeseeable fluctuations, competing manufacturers are becoming increasingly aggressive in the European market," it said.

Last September, while unveiling first-half net profit down 11 per cent to FF1.35bn, Michelin announced it was taking an exceptional charge of FF728m, relating mainly to restructuring at Neumáticos Michelin, its Spanish subsidiary. It said the shake-up would mean cutting jobs at the unit by 1,000, to between 8,000 and 9,000.

Although surprised by that move, analysts had

responded reasonably positively, because of the speed with which the company had expected to make up the cost of the provision.

Yesterday's response was similar. According to Mr Stephen Reisman, an analyst with Merrill Lynch in London: "It is financially appealing because of the short pay-back - about two years."

Michelin said the cuts were not related to the introduction of C3M, an auto-

mated manufacturing unit about which little is known but which has aroused great interest in the industry.

Although a C3M unit had recently started up in a plant near Lyons, the new technology accounted for an "extremely low" proportion of total production. Michelin executives have previously put this proportion at less than 1 per cent of the company's world output of passenger car tyres.

## Kmart sells Mexican interest

By Leslie Crawford in Mexico City

Kmart, the US retailer, and El Puerto de Liverpool, its Mexican partner, have ended a three-year alliance with the sale of their joint interest in Kmart Mexico to Comercial Mexicana, Mexico's second-largest retail chain.

Comercial Mexicana is to pay \$148.5m in cash for Kmart Mexico's three superstores in Mexico City and two other stores in the provinces.

The acquisition was not well received on the stock market, where Comercial Mexicana shares fell 5 per cent in early trading yesterday. Traders said they were worried about Comercial Mexicana's ability to finance such a large acquisition.

Kmart and Liverpool are selling at a loss. Each partner plunged \$100m into the joint venture when the Mexican economy was booming, the peso was strong and the growing purchasing power of 90m Mexican consumers seemed like a one-way bet.

The devaluation of the peso in December 1994 and the deep recession that followed changed the outlook for the half-dozen cross-border retailing alliances that flourished with the North American Free Trade Agreement.

Retail sales fell by 1.9 per cent in 1996 after collapsing by 24.8 per cent in 1995, according to Mexico's national statistics institute. As a result, Kmart Mexico never broke even.

In Detroit, Kmart said the sale of its Mexican interests formed part of a two-year-old plan to strengthen its financial performance by selling non-core assets.

The company said it would record a small charge against its fourth-quarter earnings owing to the sale, but Mr Robert Burton, Kmart investor relations director, said the charge would not have a big impact on earnings.

Mr Enrique Bremond, chairman of Liverpool, said: "The transaction will allow Liverpool to concentrate its resources on continuing to expand its department store and shopping mall operations in the growing Mexican market."

## Restructuring paying off at Hickson

By Roger Taylor

Restructuring at UK chemicals group, Hickson, helped it to make pre-tax profits before exceptional losses of £7.8m last year compared with a loss of £16.1m for the previous year.

Exceptional losses of £17m on the disposal in November of subsidiary, Hickson Manro, left a pre-tax loss of £9.2m (£45m) for the year to December 31. The dividend was omitted again.

Mr David Wilbraham, chief executive, said the first objective was to cut debts and that disposals of about £25m would be made to achieve this. Cash from last year's disposals cut net debt to £56.4m (£52.8m) leaving gearing of 51 per cent.

Interest payments of £6.2m (£5.6m) were covered only 2.3 times by operating profits of £14m. An additional £1.1m in interest payments were included in the provisions.

Hickson began a fundamental review of all its operations after falling into losses in 1995. Disposals over the last two years have cut the number of operating sites from 38 to 18 and the number of employees from more than 2,780 to 1,880.

Mr Wilbraham said he was satisfied with the improvement in trading profits last year. He expected all divisions to be profitable by the end of this year.

Operating profit on continuing operations rose 8 per cent to £10.5m on turnover up 6 per cent at £282m. The protection and coatings side,

Hickson's largest, saw operating profits rise 16 per cent to £11.1m on turnover up 5 per cent at £182m.

Hickson & Welch, the intermediates division more than doubled operating profits to £25m (£2.4m) on turnover up at £79.7m (£77.9m).

However, performance chemicals incurred an operating loss of £2.1m compared with a profit of £1.6m the previous year. But excluding a one-off compensation payment of £7m in 1995, the division had shown an improvement, Mr Wilbraham said.

Earnings per share were 4.1p (3.3p) before exceptional losses, with losses per share at 5.6p (25.6p) after.

## COMMENT

The storm is abating but Hickson is still not into safe waters. Interest coverage remains perilously low at a time when prices and margins for many chemicals continue to fall. The new management team has improved profitability at all the company's divisions but much depends on the timing and price of disposals. Brokers Merrill Lynch are forecasting pre-tax profits of £10m for this year (ignoring disposals) putting the company on a forward p/e of 15. This is a premium to the market justified by a recovery potential which could produce earnings growth of 30 per cent for each of the next two years. It is a risky proposition, but on the evidence of yesterday's results the company looks as though it could pull it off.

## Club Med gets Euro Disney touch

Mr Philippe Bourguignon is leaving the theme park group for the holiday village giant

Imagine all the economies we made over the last three months will have been chucked away in telephone calls made from our villages today," joked Mr Serge Trigano, the chairman of Club Méditerranée on Friday evening.

It was a rare moment of humour during a melancholy presentation to journalists in the group's new headquarters in the extreme north-east of Paris - one of many recent attempts by the world's best-known operator of holiday villages to make cost savings.

But neither Club Med's international reputation nor its piecemeal approach to cutting overheads since Mr Trigano took over the reins of the group in 1993 from his father, who founded the business in 1950, were enough to prevent its shareholders from demanding more radical intervention.

After months of pressure on the share price, growing criticism from financial analysts and mounting boardroom discontent, Mr Trigano yesterday announced he would be relinquishing his place as chief executive, while unveiling losses for 1995-96 of FF743m (£130.3m) after taking provisions of FF820m to support a wide-ranging restructuring.

The news came as a surprise to Club Med's staff - many scattered in more than a hundred holiday villages around the world - but equally to the employees of Euro Disney, the theme park outside Paris, who yesterday also found themselves losing their boss.

Mr Philippe Bourguignon, who joined Euro Disney in 1988, helped oversee the park's own hefty financial restructuring in 1994, and steered it back into profitability, takes over the operational control of Club Med at the start of March from Mr Trigano, who will oversee strategy and international relations in his new role as head of a supervisory board.

After a decade with his previous employer, Mr Bourguignon takes over a related business with a strong brand name, albeit one facing considerable challenges. He will inherit a detailed work programme prepared in conjunction with Bain, the consultancy firm.

Many of the conclusions were already enshrined in the group's announcement yesterday, and reflect long-standing criticisms of Club Med's strategy: that it failed to cut prices, diversified into leisure activities outside its expertise of holiday villages, and expanded rapidly in Asia while taking insufficient action to deal with excess capacity in its villages in Europe.

Now it will rapidly close seven villages which are in structural deficit, while investing FF530m to about 15 upgrade others. It will also convert a number of its classic villages in southern Europe into the lower-priced Club Aquarius camps which have proved a source of significant growth.

But Mr Trigano - in a view presumably shared by Mr Bourguignon - was ada-



Valuing warmth: Club Med regards its special approach to clients as an important asset

mant on one thing yesterday. "I am ready to accept many criticisms of the club, but not that the concept is outdated." He argued that numerous competitors continued to be inspired by its villages and attempted to copy them.

Its strengths, he said, included both the "tangible" elements of Club Med's villages, such as its buffets and

the style of accommodation, as well as the "intangible" ones, including the warmth of its approach to clients, the results of a specially developed corporate culture spearheaded by the "gentils organisateurs", or kind staff.

The question is whether Mr Bourguignon will be able to retain and exploit these elements while pushing through aggressive cost cuts

and expanding the international ambitions of the once family-run business which has become a holiday giant.

If not, it remains more vulnerable than ever to takeover, after its five leading shareholders decided last December to unwind the pact that locked them to their existing investments.

Andrew Jack

## Allied Leisure gets chill from cold snap

By Michael Lindemann

Shares in Allied Leisure fell 6p to 46p yesterday after the UK bowling and restaurants group warned that trading was "patchy".

The cold snap over Christmas and the new year had kept customers away and sales growth at 25 of the 35 bowling alleys which have not yet been refurbished was running "behind expectations", the company said.

Panmure Gordon, the house broker, has cut its full-year pre-tax forecast from £4.8m to £4.3m (£1.4m), including a £200,000 charge for bad weather.

Sales in the first seven weeks of the calendar year had risen 6.7 per cent on a like-for-like basis, but Mr Neil Goulden, managing director, said the company had hoped for double-digit growth.

Following the expansion last year into bowling alleys, Allied said it was now looking to sell its last night-club, Goldiggers in Chippenham, as soon as possible. Mr Goulden said Allied had 40 possible buyers.

The Poole-based company said it was also in talks to buy eight Burger King franchises to supplement a test



Neil Goulden: company had hoped for double-digit growth

franchise agreement it signed in November with Blimpie, the US sandwich company.

The two ventures mark Allied's expansion into the branded restaurants business.

Pre-tax profits in the six months to December 31 jumped from £500,000 to £1.4m, while sales nearly

doubled from £9.7m to £18.9m. Earnings per share rose from 0.63p to 1.07p.

An interim dividend of 0.33p is the first interim payout since 1994. The group last year paid its first dividend in three years.

On the revised profit forecast, the p/e to June 1997 is 14.5 times, in line with the market.

## Bakyrchik raises £7.1m in placing

By Kenneth Gooding, Mining Correspondent

Bakyrchik Gold, the London listed company with a gold project in Kazakhstan, has raised a further £7.1m by way of a placing with institutions.

The placing has also strengthened the association between Bakyrchik and Indochina Goldfields, the latest Canadian vehicle of Mr Robert Friedland, the mining entrepreneur. Indochina's stake in Bakyrchik has risen from 26.3 to 27.9 per cent.

Bakyrchik issued 3.57m new shares, increasing the number of shares in issue by about 10 per cent, at 200p each, marginally below the 205p at which they were trading in London yesterday.

The company had given a warning that a placing was on the way when it announced last month that pre-tax losses for the six months to September 30 had nearly doubled from \$8.9m (\$5.5m) to \$18.4m.

It was also revealed then that Indochina had conditionally agreed to provide Bakyrchik with a \$20m working capital facility. This, with cash from the placing, should enable Bakyrchik to complete production feasibility studies for the Kazakhstan mine.

Preliminary indications are that the most substantial scheme would require \$220m, but this would be much less if Bakyrchik opted for lower output.

Bakyrchik also has to find \$45m for its share of a deal with the Kazakh government, announced in December, whereby it will raise its stake in the Bakyrchik mine joint venture from 40 to 85 per cent. Indochina will hold the remaining 15 per cent.

Mr Roger Harris, managing director, said yesterday this financing might be required in the early summer.

## Cost of foreign stars leaves Chelsea in red

By Patrick Harverson

The cost of redeveloping Stamford Bridge stadium and of assembling an expensive first team squad left Chelsea football club's parent company in the red during the first half of the year.

Chelsea Village, which joined the stock market last March, announced pre-tax losses of £404,000 on turnover of £10.43m for the six months to December 31. Losses were 0.27p per share.

Comparable figures for the previous year's first half were not available, but revenues were higher than in the last six months of 1995, thanks to improved gate receipts and television income.

In the first half, the club spent £12.5m on acquiring new players but recouped £6.5m from selling five players. The higher wages paid to new foreign stars such as Gianfranco Zola, Gianluca Vialli, Roberto di Matteo and Franck Leboeuf contributed to an increase in operating costs to £7.5m.

Chelsea is in the process of spending £30m to build a new south stand and accom-

panying hotel, apartments and leisure centre complex and will soon raise another £20m-£25m through debt and equity financing to build a new west stand complex.

Mr Ken Bates, chairman, said the cost of this building work meant it would be

West Ham float

West Ham football club yesterday said it was likely to float on the stock market within the next year.

Announcing that it had raised £1.6m through the placing of 3,200 shares at £500 per share, valuing the company at £50m, the east London Premiership club said it would reconsider a flotation if it was relegated to the first division.

unlikely the company would make a profit until the 1998-99 season.

However, he predicted strong growth in revenues as the stadium capacity increased from 25,000 to 35,000 next season and a new 10,500 sq ft club megastore provided an opportunity to expand the merchandising business.

## Mobile phone side helps Belgacom rise

By Nick Buckley in Brussels

Belgacom, the partially privatised Belgian telecoms group, increased net profits 21 per cent last year, from BF10.7bn to BF13.3bn (£230m) thanks partly to significant growth in its mobile telephone business.

Turnover of the former national monopoly, in which a consortium of Ameritech of the US, TeleDanmark and Singapore Telecom took a 49.5 per cent stake for BF73.3bn last year,

increased 9 per cent from BF127.1bn to BF138.7bn.

At the operating level, profits increased from BF20.5bn to BF26.7bn, with the growth in operating costs limited to 4.3 per cent.

Fixed line connections increased from 4.63m to 4.67m during the year, while Belgacom Mobile, the subsidiary running both GSM and analog mobile phone networks in Belgium, increased its customers from 235,238 to 410,172. The total is now 440,000.

## Centrica stake for US fund

Templeton, the US fund management group, has built up a 3.5 per cent stake in Centrica, the demerged gas trading and supply arm of British Gas, writes Robert Corzine.

The fund, which had a 2.3 per cent stake in British Gas, has been one of several large buyers of Centrica to emerge in its first week of independence.

Although it will be two weeks or so before Centrica has a full idea of its share register, the initial assessment of the heavy trading this week is that there have been no "sinister" dealings by possible predators.

## Endesa income rises 10% for year

By Tom Burns in Madrid

Endesa, Spain's state-controlled electricity group which is due to be privatised over the next three years, yesterday announced net income rose 10 per cent to Ptas165bn (\$1.2bn) in 1996. The chief feature of the result, which was in line with forecasts, was the consolidation of the parent company's increased stakes in subsidiaries Sevillana and Fecsa. This led to a 77.7 per cent increase in the group's assets, to Ptas7,790bn.

In October, Endesa raised its shareholding in Sevillana from 39 per cent to 75 per cent; and in Fecsa from 49 per cent to 75 per cent. The acquisitions increased the group's distribution business and improved its generating mix.

Endesa's production, which accounts for 47.8 per cent of domestic electricity generation, remained stable. The group's sales increased 3.7 per cent and gave it a 49 per cent market share. Average debt was reduced by 16 per cent during 1996.

The group generated cash flow of Ptas440,400, 44.7 per cent up on 1995. It is likely to continue an aggressive investment policy that has included acquisitions in Latin America, and diversification into communications in Spain.

Endesa bought controlling stakes last year in a Peruvian company that is expanding a gas-fired generator near Lima; and in Endenor, the main electricity distributor in greater Buenos Aires. In Spain it is a core shareholder of Airtel, a mobile telephone network, and of Retevisión, which is to be Spain's second basic telephone operator.

The government plans to reduce its 66 per cent stake in Endesa to below 50 per cent late this year.

## Irish building lifts Grafton

By John Murray Brown in Dublin

The buoyant Irish construction sector helped Grafton Group, the builders merchant, to a 41 per cent increase in pre-tax profits from £11m (£11.2m) to £15.5m in 1996.

Turnover was up 25 per cent to £192m (£154m), with Irish sales reaching £141.9m, up 18 per cent.

Builders' merchandising, led by Chadwicks, achieved 13 per cent sales growth to

£97m. Sales at its concrete, plastics and paints manufacturing division were up 18 per cent to £16.3m, while turnover at Woodie's, its market leading DIY retail chain, was 39 per cent ahead at £28.5m.

The UK operation, which accounts for 26 per cent of sales, benefited from improvements in the housing market in the second half, when operating profits grew 76 per cent to £1.1m. Operating profits for the year in the UK rose from

£1.46m to £1.71m. Mr Michael Chadwick, chairman, said there were clear signs of construction recovery, particularly in the south-east where most of UK operations were.

The pre-tax figure was helped by a property disposal gain of £1.4m.

The proposed final dividend rises from 7.5p to 11p, making a total up 40 per cent at 17.5p. Earnings per share were 82.7p (57.3p) after the exceptional gain, and 75p (53.9p) before it.

MARKETS REPORT  
Copper  
rallies as  
oil falls

WEEKLY PRICE CHANGES

Commodity	Price	% Change
Gold	380.00	+0.50
Silver	14.50	+0.05
Platinum	1,200.00	+10.00
Palladium	1,800.00	+20.00
Copper	1.50	+0.02
Aluminium	0.80	+0.01
Zinc	0.60	+0.01
Nickel	0.40	+0.01
Lead	0.30	+0.01
Iron Ore	10.00	+0.10
Crude Oil	25.00	-0.50
Gas	1.00	+0.02

## MARKETS REPORT

By Edward Lodge in London and Lisa Branson in New York

Financial markets continued to show signs of recovery with the FTSE 100 rising 1.5 points to 4,812.5.

Shares in Allied Leisure fell 6p to 46p yesterday after the UK bowling and restaurants group warned that trading was "patchy".

The cold snap over Christmas and the new year had kept customers away and sales growth at 25 of the 35 bowling alleys which have not yet been refurbished was running "behind expectations", the company said.

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Irish building lifts Grafton

By John Murray Brown in Dublin



## COMMODITIES AND AGRICULTURE

## MARKETS REPORT

## Copper rallies as oil falls

By Suzanne Voyle

Copper prices renewed their rally yesterday, while oil fell below \$20 a barrel for the first time in six months.

On the London Metal Exchange copper shrugged off a 1,875-tonne rise in stocks, compared with the reduction of up to 3,500 tonnes it had been expected. The price of copper for three-month delivery rose to \$2.36 a tonne having fallen to \$2.34 on Thursday in New York.

LME Warehouse Stocks (in thousands of tonnes)	
Aluminium	-2,400 to 908,225
Aluminium alloy	-80 to 73,200
Copper	+1,875 to 225,500
Lead	-1,050 to 109,500
Nickel	+40 to 104,518
Zinc	+125 to 476,500
Tin	-125 to 10,000

less trading. Earlier in the day it had reached a fresh eight-and-a-half-month high of \$2.37.

Yesterday's increase followed Wednesday's jump of \$74 a tonne, taking the market back to a level not seen since last June when Sumitomo Corporation of Japan fired Mr Yasun Hamanaka, its chief copper trader, for unauthorised trading that cost it \$2.6bn.

Fears then that Sumitomo might have to dispose of huge stocks of copper sent prices tumbling by \$1,000 a tonne to \$1.745.

Traders yesterday said the market had decided to do what it wanted to do - in spite of the stocks rise.

"People have finally realised the market is in a solid uptrend," said one.

Metals analysts at Deutsche Morgan Grenfell say that much of the recent rise in the copper price reflects fears over a shortage of physical metal. The period between March and June

traditionally sees the strongest demand for metal due to higher levels of construction activity in the northern hemisphere.

However, they say that "on the supply side there has been little increase in production over recent weeks... indeed the bears in the market now appear to be putting off the expected tidal wave of new production into the second half of this year."

"Against this background of rising demand and only modest increases in production, remains the wild card of China with the market beginning to become increasingly worried over the possibility of significant purchases over the next few months," they add.

"Certainly stocks within the commercial sector in China are at historically low levels - no more than one to two weeks' consumption - and an increase in imports is almost inevitable."

On London's International Petroleum Exchange yesterday oil prices fell to a fresh six-month low. In late trading Brent Blend for April delivery - the internationally recognised benchmark - stood at \$19.57 a barrel, a fall of 21 cents from Thursday.

Traders blamed the fall on bearish fundamentals, warmer weather and more Iraqi barrels earmarked for the US. They said London was following New York's NYMEX lower after the UN sanctions committee on Thursday approved deeper discounts for Iraqi crude sales to the US.

Gas oil futures were also hit by the mild weather in both Europe and north-eastern US, with prices falling by \$3 a tonne. Contracts for delivery in March fell to \$17.50 a tonne.

The price of gold rallied yesterday. At London's afternoon "fix" the price was \$363.30 a troy ounce, an increase of \$8.30 from Thursday. It later rose slightly to close at \$363.75.

Analysts at GNI said sentiment had been helped by a reduction in fears of central bank selling.

## WEEKLY PRICE CHANGES

	Latest prices	Change on week ago	Year on year	High	Low
Gold per troy oz.	\$363.75	+7.50	+388.30	\$416.40	\$340.33
Silver per troy oz.	\$225.25	+8.30	+354.50	\$283.00	\$207.90
Aluminium 99.7% (cash)	\$1,593.5	+82.5	+1,088.0	\$1,675.0	\$1,294.5
Copper 99.99% (cash)	\$2,363.5	+82.5	+2,543.5	\$2,810.0	\$1,780.0
Lead (cash)	\$883.5	+12.5	\$796.5	\$827.5	\$647.0
Nickel (cash)	\$7,025.0	+170	\$6,850.0	\$6,850.0	\$6,680.0
Zinc SHG (cash)	\$1,194.5	+9.5	\$1,038.0	\$1,200.0	\$985.5
Tin (cash)	\$5,750.0	+25	\$5,725.0	\$5,725.0	\$5,690.0
Coffee Futures Mar	\$1,517.0	-135	\$2,081.0	\$2,081.0	\$1,232.0
Cocoa Futures Mar	\$2,710.0	+13.00	\$3,150.0	\$3,150.0	\$2,520.0
Sugar (LDP Raw)	\$33.25	+0.85	\$30.00	\$30.00	\$30.00
Barley Futures Mar	\$33.25	+0.85	\$30.00	\$30.00	\$30.00
Wheat Futures Mar	\$33.25	+0.85	\$30.00	\$30.00	\$30.00
Wool (44s Super)	\$33.25	+0.85	\$30.00	\$30.00	\$30.00
Oil (Brent Blend)	\$20.15	-0.55	\$17.02	\$25.18	\$16.50

For terms and conditions of sale, see page 10.

## WORLD BOND PRICES

## MARKETS REPORT

By Edward Luce in London and Lisa Branstetter in New York

Italian bonds continued their three-day recovery with data yesterday showing a decline in the regional rate of inflation.

Provisional CPI figures for Palermo and Bari showed a drop of 0.3 per cent in February prompting forecasts that headline inflation would fall to 2.5 per cent or even 2.4 per cent for the month. March 10-year BTP futures rose by 0.24 to close at 130.80 on Life.

"There's a feeling that the determination in the short end of the euro area curve was overdone," said Mr Andrew Bevan, international bond economist at Goldman Sachs in London.

German bunds continued their sideways drift after Thursday's unsettling news of high M3 growth and higher-than-expected wholesale price inflation in February.

Economists said German inflation for February could

hit 2 per cent from 1.9 per cent in January. Benchmark bunds fell by 0.6 to close at 103.44 on Life yesterday.

Other European markets also fell. UK benchmark gilt futures dropped by 1/8 to close at 124.14 on Life yesterday.

US Treasury prices recovered some of the losses made this week in quiet trading early yesterday.

Near midday, the benchmark 30-year Treasury was 1/8 higher at 98 1/2 in yield 6.632 per cent while at the short end of the maturity spectrum, the two-year note rose 1/8 at 100 1/2, yielding 5.820 per cent.

The March 30-year bond contract weakened by 1/8 to 112 1/2.

With no economic data released yesterday, bonds traded in a narrow range.

The market's focus next week will be on Humphrey-Hawkins testimony to be delivered by Mr Alan Greenspan, chairman of the Federal Reserve, and on data on durable goods orders due out on Thursday.

## BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	Price	Yield	Week ago	Month ago
Australia	6.750	11/06	84.619	-0.890	7.49	7.31
Canada	6.250	07/07	104.610	-0.160	6.36	5.53
Denmark	8.000	03/06	102.080	-0.240	6.25	6.14
France	5.500	10/01	104.789	-0.045	4.25	4.47
Germany Bund	6.000	01/07	103.480	-0.080	5.53	5.79
Italy	7.750	11/06	104.500	-0.010	6.36	6.52
Japan	6.000	09/01	121.519	+0.080	7.97	7.12
Netherlands	6.000	08/06	104.124	-0.185	2.42	2.44
Portugal	8.000	02/06	116.540	-	5.57	6.07
Spain	7.350	03/07	105.840	-	6.72	6.84
Sweden	8.000	08/07	110.301	-0.240	6.80	6.57
UK Gilt	7.500	12/06	102.18	-0.32	7.13	7.12
US Treasury	8.000	10/09	113.27	-0.22	7.22	7.21
ECU French Govt	6.250	02/27	99.29	-19.32	6.83	6.73
London clearing, New York mid-day	7.000	04/06	106.570	+0.110	5.75	6.01

Source: Reuters, Bloomberg, and other market sources.

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## BASE METALS

## LONDON METAL EXCHANGE

(Prices from Anonymous Market Trading)

## ALUMINIUM, 99.7% PURITY (\$ per tonne)

Cash 3 mths

Close 1593.5-4 1624-4.5

Previous 1593.5-4.5 1624-4.5

High/Low 1594.5 1631.7/1607

AM Official 1594.5-4.5 1631.7/1607

Kerb close 1594.5-4.5 1631.7/1607

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## Precious Metals continued

## GOLD COMEX (100 Troy oz; \$ per oz)

Sett. Day's price change High Low Vol Open

Feb 354.1 -1.7 354.8 353.4 814 1,855

Mar 354.1 -1.7 354.8 353.4 814 1,855

Apr 354.1 -1.7 354.8 353.4 814 1,855

May 354.1 -1.7 354.8 353.4 814 1,855

Jun 354.1 -1.7 354.8 353.4 814 1,855

Jul 354.1 -1.7 354.8 353.4 814 1,855

Aug 354.1 -1.7 354.8 353.4 814 1,855

Sep 354.1 -1.7 354.8 353.4 814 1,855

Oct 354.1 -1.7 354.8 353.4 814 1,855

Nov 354.1 -1.7 354.8 353.4 814 1,855

Dec 354.1 -1.7 354.8 353.4 814 1,855

Total 76,629 10,877

PLATINUM NYMEX (50 Troy oz; \$ per oz)

Sett. Day's price change High Low Vol Open

Feb 374.0 -2.1 375.3 372.0 3,880 10,589

Mar 374.0 -2.1 375.3 372.0 3,880 10,589

Apr 374.0 -2.1 375.3 372.0 3,880 10,589

May 374.0 -2.1 375.3 372.0 3,880 10,589

Jun 374.0 -2.1 375.3 372.0 3,880 10,589

Jul 374.0 -2.1 375.3 372.0 3,880 10,589

Aug 374.0 -2.1 375.3 372.0 3,880 10,589

Sep 374.0 -2.1 375.3 372.0 3,880 10,589

Oct 374.0 -2.1 375.3 372.0 3,880 10,589

Nov 374.0 -2.1 375.3 372.0 3,880 10,589

Dec 374.0 -2.1 375.3 372.0 3,880 10,589

Total 19,838 74,883

MAIZE CBOT (5,000 bu; \$ per bu)

Sett. Day's price change High Low Vol Open

Feb 291.75 -4.75 292.50 290.00 4,200 16,215

Mar 291.75 -4.75 292.50 290.00 4,200 16,215

Apr 291.75 -4.75 292.50 290.00 4,200 16,215

May 291.75 -4.75 292.50 290.00 4,200 16,215

Jun 291.75 -4.75 292.50 290.00 4,200 16,215

Jul 291.75 -4.75 292.50 290.00 4,200 16,215

Aug 291.75 -4.75 292.50 290.00 4,200 16,215

Sep 291.75 -4.75 292.50 290.00 4,200 16,215

Oct 291.75 -4.75 292.50 290.00 4,200 16,215

Nov 291.75 -4.75 292.50 290.00 4,200 16,215

Dec 291.75 -4.75 292.50 290.00 4,200



## COMMENT &amp; ANALYSIS

## FINANCIAL TIMES

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## Momentum after Deng

However controversial the political legacy of Deng Xiaoping, the verdict of history on the late Chinese leader's economic achievements must be overwhelmingly positive.

Between 1980 and 1995 the Chinese economy grew at a phenomenal average rate of around 9 per cent a year. While the population increased from just under 1bn to 1.25bn, gross domestic product per head rose from \$203 to \$540. The comparable figures, after adjusting for purchasing power parities that reflect the cost of a standard basket of goods, show a near threefold rise from \$733 to \$2,068. Over the same period China's share of world trade increased from 0.9 per cent to 2.6 per cent.

The twin motors that drove this transformation were the liberalisation of agriculture and the opening of the economy to trade and investment. Neither would have been possible without the pragmatism that was Deng's hallmark. Yet the striking feature of his legacy is just how much ground China has to make up after nearly two centuries of gross mismanagement.

In 1820, when the world was beginning to industrialise, China's per capita GDP was around three quarters that of Japan. By 1928 it was down to a third. And by 1978, which marked the start of the reforms, per capita GDP was only 11 per cent of the Japanese level. The miraculous transformation since then succeeded in raising the figure to just 16 per cent by 1992.

A comparison closer to home is equally telling. On the eve of Hong Kong's reversion to the mainland, the 1.25m people of China produce a total output which is little more than 4% times that generated by the 5.5m people of the Crown Colony. And in per capita terms, Hong Kong's output was 45 times greater in 1995 than that of the mainland Chinese.

## Huge potential

This sorry statistical snapshot is a measure of the historic lost opportunity - a loss all the more poignant in a country which was Europe's superior in the Middle Ages in science and technology, as well as levels of productivity and income. But it is also a measure of the huge potential. If living standards in China ultimately converge with those in the West, the country will revert to its status in the pre-industrial world as the biggest economy on earth.

This is both a daunting prospect and a constructive opportunity for China's trading partners. The question is whether Deng's successors can keep the economic show on the road.

It would be extraordinarily difficult, though not impossible, to reverse the gains. The risks lie in the potential political fall-out from such rapid expansion. In effect, China is undergoing the same social stresses experienced in Europe in the 19th century. Over a mere decade and a half it has seen agriculture's share of GDP decline from 33 per cent to 21 per cent, as unprecedentedly mobile peasants have moved to the cities.

## Growing inequalities

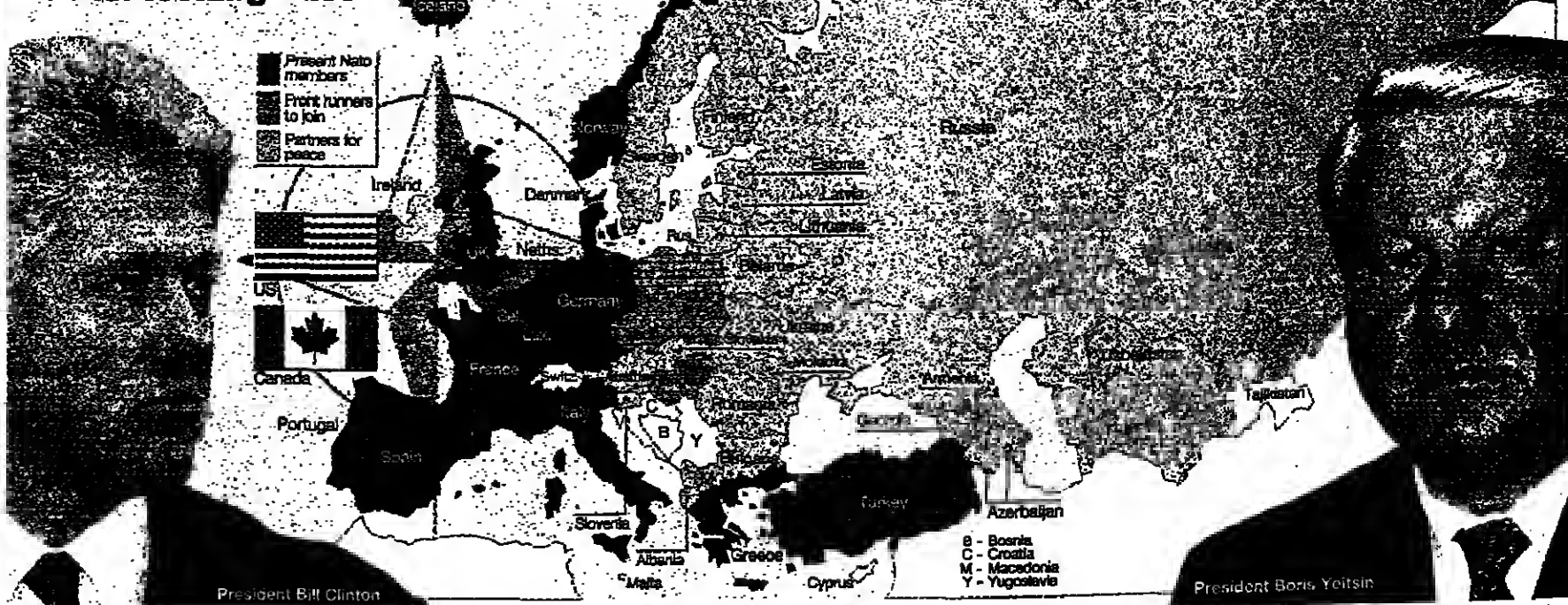
Yet the pace and scale of industrialisation is greater than at any time in history. The inequalities between the vibrant coastal regions and the hinterland are growing. Lethargic state enterprise will ultimately have to be cut down to size, with consequent job losses. Yet the ability of a weak state to raise taxes for welfare is very limited. The risk in any slow-down, given the lack of legitimacy of the political elite in Beijing, is disproportionately great.

The biggest threat, both to China and the West, is protectionism. For the Chinese miracle is unusually trade-dependent. Over the past five years alone, the share of trade in GDP has risen from 26 per cent to 38 per cent, while manufacturing investment from overseas has lately been running at around 5 per cent of GDP a year.

Nor will economic nationalism necessarily be an exclusively Chinese problem. While trade is a mutually beneficial activity for China and its trading partners, it entails substantial structural adjustment in the west. In the hands of nationalist demagogues, protectionist policies can be made to appear attractive to those on low incomes, for whom the pain of adjustment is greatest.

The scope for friction over trade and investment is greatly increased by China's lack of adequate property rights and legal infrastructure. It remains far from clear that China would be prepared to live with the western-style discipline required of members of the World Trade Organisation. China after Deng will thus be as uncomfortable a bedfellow in the economic sphere as in the political. It is very much in the west's interest that Deng's heirs succeed.

## Nato: looking east



## Reinvention of the weal

Bruce Clark and Chrystia Freeland on obstacles facing proposals for the eastward expansion of Nato

**I**f all goes to plan, the next few years will see the western world embarking on the boldest geopolitical project for a generation. It is an effort comparable in scope with the Marshall Plan or the creation of the UN system.

The buzz-word for the project is Nato enlargement - and it has grander names such as the new European security architecture. The pitfalls are many and deep. But if they can be avoided, the organisation that was set up to counter the Soviet threat may be able to dispel the doubts that have persisted since the fall of Communism about its need to exist. Instead of countering a single, massive threat, the 16-member alliance hopes to reinvent itself as a guarantor of stability and civilised conduct from the Atlantic to the Urals.

By incorporating some former Communist states and deepening its relationship with others - including Russia - the alliance intends to spread western ideas about civil-military relations, encourage the peaceful resolution of disputes, and create a stable environment for economic growth. "Nato, a great instrument of peace, has been transformed to meet the demands of a new era," says Mrs Madeleine Albright, the Czech-born secretary of state who brings a personal zeal to European issues.

This change of role will not alter one basic fact: Nato members new and old are committed to treat an attack on one as an attack on all.

Mrs Albright has an answer for those who question the need to offer such pledges to an even larger group of nations when there is no visible threat. By extending the geographical scope of its guarantee, Nato will ensure no new threat arises, she says. If these lofty ideals are to stand

any chance of fulfilment, a diplomatic mountain must be climbed between now and the alliance's July summit to Madrid. The summit, which is supposed to solve several complex problems at once, is the culmination of more than three years of diplomatic manoeuvring between Nato and its former adversaries.

President Bill Clinton and other western leaders, making good on a promise first extended in January 1994, will invite between one and five countries to become alliance members by spring 1999. Nato's 50th anniversary, which the Kremlin lost the cold war, but the defeat has not been acknowledged or emotionally absorbed by Moscow's establishment.

**A**lready, this historic reversal has created what Mr Andrei Piontkovsky, a Russian political scientist, has called "a geo-psychological complex" for post-Communist Russia. For some Russian leaders, the issue of Nato enlargement has come as a relief: opposing the alliance is the closest thing Russians have to a national ideology.

As Mr Andrei Kozyrev, Russia's liberal former foreign minister, has said: "No diplomatic initiative can satisfy these people... because, without Nato as the enemy, they have no place in the world."

A fear among some opponents of enlargement is that, if Nato expands, Russia will revert to a brutish anti-western military posture. Mr Rybkin's threats could become official policy, and weapons and soldiers might be redeployed along the western border. Moscow could establish closer relations with Iran and Iraq, or forge a security partnership with China.

A further danger, often cited by Moscow liberals, is that Nato expansion could have a malevolent effect on Russia's domestic politics. With the health of President Boris Yeltsin still fragile, some observers fear the resentment over Nato could provide some ultra-nationalist politician an excuse to bid for power.

In spite of their alarmist rhetoric, most Russian policymakers seem to agree in private that Nato expansion would be less than catastrophic. The Kremlin still smarting from its retreat from Chechnya and barely able to guarantee the battle-readiness of its nuclear forces, lacks the will and the means to join another arms race.

Moreover, beneath its current testiness, Moscow remains committed to a strong relationship with the west. It is increasingly integrated into western capital markets, and ordinary Russians have freer and more frequent access to the west than at any time in their history.

Even in public, Russian officials are starting to acknowledge that Nato enlargement is very likely. They say Moscow must seek ways of making the inevitable less objectionable. As Mr Primakov put it after meeting Mrs Albright yesterday: "We are still negatively disposed towards the expansion of Nato. However, we are doing everything we can conceivably think of to minimise any negative consequences that might arise in the event that Nato does expand."

Some progress has been made in mapping out a compromise between Nato and Russia, including a charter providing for co-operation on peacekeeping and arms control. But the legal status and timing of the accord remain to be settled. As a further olive branch, Nato has proposed widening new limits on the level of

conventional forces in central Europe. But the threat to expansion posed by Russian hostility to the idea may be compounded by division in Nato itself. Senior diplomats detect little real enthusiasm in west and south European capitals for a project that will diminish their share of US military largesse by spreading it among more Nato partners.

France sees enlargement as inseparably linked to the establishment of a new relationship with Russia, and to Nato's internal reforms, particularly the establishment of a European southern command. The implication is that if France does not get its way it might block expansion.

Yet another wild card is Turkey. Ankara has threatened to bar Nato enlargement unless obstacles to its eventual membership of the European Union are removed.

But in Washington, particularly in the Republican Congress, patience with allies that step out of line on any issue - from Cuba to Iran - is wearing thin. This is likely to make European Nato countries, which must unanimously ratify Nato expansion, think twice before rocking the boat.

In the end, Nato enlargement is likely to stand or fall in the US Senate. There, according to Mr Jeremy Rosner, a US expert on the issue, "opinion is favourable but mostly unfocused".

A recent Senate resolution that implied support for expansion was backed by 81 out of 100 senators - above the required two-thirds. But only 10 have thought deeply about the issue, says Mr Rosner. The effects of Russian sabre-rattling are unpredictable, he adds. "It will make some senators more nervous, and some even more passionately in favour."

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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## Look beyond military priorities to find answer to Nato's future role

From Sir James Eberle

Sir, Having just returned from Moscow, and as a former Nato commander, I feel it is abundantly clear that, unless there is a substantial breakdown of the political and social order in central and eastern Europe, the principal threats to European security will not be in the military field. It is thus also clear where our priorities should lie.

Prominence now being given to the policy of "Nato enlargement" stands in stark contrast to the lack of public attention being paid to the need for a "new European agenda"; for the west to give priority to its contribution to solving the economic, social and environmental problems of the region which now constitute the wider issues of security.

The initial Nato enlargement decision in January 1994 was made without proper preparation; and there is still no unifying vision among member countries as to its strategic purpose. There has been no public debate. Ratification of the entry of each new member will be required in due

course by allied parliaments, and this will be a difficult process, particularly in the US Congress. Nevertheless, it is likely that we shall be stuck with this mistaken policy, at least in its first phase. Efforts are now being made to ameliorate its worst results, which include the alienation of Russia and the creation of a new divide in Europe. These are aimed at the completion of a new Nato-Russia treaty. However, it will not be easy to reach an agreement that will give Russia the status and participation that she is seeking, yet which does not surrender Nato's freedom of action to a Russian veto.

These negotiations, now including heads of government, will further divert attention from the real need, which is to develop for the longer term an over-arching European security order that would provide a framework for co-operation throughout Europe in the wider range of security interests. Attempts by Russia to strengthen the Organisation for Security and Co-operation in Europe to fulfil this role have

failed. An alternative route might be provided by developing the US proposal for a "new Atlantic community" and for a new "Atlantic partnership council".

If US leadership is to remain credible in Europe, the high profile pursuit of Nato expansion must be restrained. In turn, the EU, which is at present too concerned with examining its naval, must give higher priority to its own policies of eastward enlargement, and of assistance in economic and technological restructuring in those countries to the east that need it most, and whose people deserve it most. EU and US leaders also need to revitalise action on these issues within the G7. To do less risks allowing potential domestic social and ethnic tensions in eastern Europe to rise to dangerous levels.

James Eberle, former director, The Royal Institute of International Affairs, Chatham House, 10 St. James's Square, London SW1A 4LE, UK

## Golden age of utilities and services

From Mr Harry Ball-Wilson

Sir, Your editorial "Consumer woes" (February 18) was most welcome. Prior to 1947 US domestic gas was supplied by co-partnership local gas companies. The capital was mainly held by the consumers and the employees, who shared in the management and profits, so both were excited to see a low-cost, efficient and responsible operation, rather than an investment gold mine.

Similarly, London's electric trolley bus services were operating at a profit, prior to being converted, by government edict, to petrol, before being privatised. The recent Round Table transport working group report is a strong indictment of current policies.

Keep up the good work of revealing the factual basic elements.

Harry Ball-Wilson, 2345 Ala Wai Blvd, Apt 2714, Honolulu, HI 96815, US

## Censorship on the Internet is no substitute for good legislation

From Mr John Dunn

Sir, The European Parliament's decision to investigate ways of blocking Internet pornography and racism ("Internet censoring methods studied", February 14) suggests to me that would-be regulators have decided to make electronic media a special case for no obvious reason.

The panic seems to be caused by the fact that the Internet is a

distributed, rapidly-evolving medium whose technological nature makes it difficult to control using conventional means. Regardless of whether the attempt to control the Internet using blocking technology is feasible, it is worth asking how far we should go in the attempt to enforce central control.

We might not approve of "racist" comment on the Internet, for

example, but by what criteria do we decide that other adults should not be able to make up their own minds? To attempt to change this balance would undermine the nature of a free society which is always based on some degree of self-regulation.

The answer is not to block content based on arbitrary criteria but to spell out clearly the legal position in the same way as for

other realms of human activity. This would rely on a balance of deterrent, education and punishment, enacted through properly thought-out pan-European law.

John Dunn, editor, Network World, Greater London House, Hampstead Road, London NW1 7QZ, UK

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## Man in the News • Jiang Zemin

## Not afraid of greatness

Tony Walker on the slow but sure ascent of China's new leader

**M**r Jiang Zemin, now first among equals in China's leadership following the death of Deng Xiaoping, might feel some affinity with Mr John Major, the UK prime minister. Neither is a dynamic politician, probably neither expected to rise so far, and both reached high office almost by chance.

Just as Mr Major profited from Mrs Margaret Thatcher's sudden political demise, Mr Jiang was plucked from relative obscurity to follow more senior colleagues. Unlike the Beijing politicians, Mr Jiang was not tainted by association with the 1989 massacre of students in Tiananmen Square.

Mr Jiang seems to have been born under a lucky star. By all accounts he served relatively undisturbed terms as mayor and party boss of Shanghai, before being called to Beijing in June 1989 to head the Communist party in the midst of the Tiananmen Square crisis.

At the time he was described as a top-gap leader and a transitional figure. But seven years later he stands at the pinnacle of power as leader of 1.2bn people in the world's most populous country.

It has been a giddy ascent for someone who plodded through much of his career

as a factory boss, and later as a worthy official in the ministries of machine building and electronics. As recently as the mid-1980s he was deputy head of an organisation with the prosaic title of Electronics Industry Investigation Leading Group, according to his official biography.

An avuncular 70-year-old who dyes his hair, Mr Jiang may not have been a high-flyer. But since arriving in Beijing in 1989 he has been meticulous in his efforts to consolidate power.

Critics complain that he is without firm beliefs or fresh ideas. He is sometimes referred to as leader of the "wind faction", meaning his attitudes drift in whatever direction seems most politically appropriate.

A Chinese journalist said recently that Mr Jiang wants to be "all things to all factions", wavering between association with party conservatives on one hand and reformists on the other. More kindly, he might be described as a consensus politician.

It is not yet clear whether this will be enough for him to continue to drive forward China's reforms. He has some way to go to convince those who doubt his leadership skills.

But Mr Jiang has been exceeding expectations for much of his career. There is no compelling reason to believe he will falter now, as he emerges from the shadow cast by Deng.

China's new leader - in official propaganda he is referred to as the "core" of a collective leadership - boasts some interesting firsts. He is China's first university-educated ruler since the revolution, the first English-speaker, although his fluency is said to be over-rated - and the first who is known to recite stanzas of the Gettysburg address in English.

An electrical engineer by profession, Mr Jiang is a graduate of Shanghai's Jiaotong university, one of China's leading technical institutions. He spent two decades in industry, including a stint in a soap factory.

His break into politics came in the early 1970s, when he was brought to Beijing to work in the central bureaucracy. Here he made valuable contacts among the higher echelons of the Communist party.

This ability to cultivate influential figures to his advantage is a thread running through his career. He is said to have been especially solicitous, as mayor and party secretary in Shanghai, towards party elders - including Deng, a regular visitor in the 1980s.

It was Deng Xiaoping who championed Mr Jiang's promotion in 1989 to general secretary of the Communist party and insisted that he be referred to as the "core" of a collective leadership. Mr Jiang was not even a member of the politburo - the usual springboard to senior positions - when he was appointed general secretary. Deng nurtured him politically during the difficult transition to high office in Beijing.

Deng's patronage is not

necessarily cause for comfort, now that he has died. The relationship recalls the elevation of the hapless Hua Guofeng to party leadership when Mao Zedong died in 1976. Mr Hua did not survive very long after his patron's death, being ousted by Deng.

Mr Jiang's biography suggests a relatively uneventful career, in marked contrast to the tumultuous experiences of Mr Deng's generation, although his family paid a heavy price for its association with the revolution. His father, Jiang Shangkang, an early member of the Communist party, died at the hands of the nationalists.

This satisfactory "class background", with an ability to move with the tide, probably explains why Mr Jiang did not suffer badly during the Cultural Revolution of 1966 to 1976, when many Communist leaders, including Deng, were purged.

Mr Jiang was born in Yangzhou, Jiangsu province, to the east of Shanghai, in August 1926. He is said by official biographers to have

engaged in "underground" work before formally joining the Communist party in 1946, while studying at Jiaotong. Like many others of his generation he was sent to Moscow in 1955 to learn from "big brother", working as a trainee in the Stalin automobile plant.

A weakness in his record is his lack of direct association with the military in a country where the army serves as guarantor of political authority. Mr Jiang has been working on his military ties, and is said to have secured the loyalty of senior officers, many of whom he promoted.

He has also been drawing associates from his days in Shanghai into the central government, provoking some criticism of the arrival in Beijing of a "Shanghai clique".

His biography makes much of his love of music and literature, including classic poems of the Tang and Song dynasties which he recites on occasions to somewhat startled foreign visitors. Mr Jiang also has a tendency to burst into song at social gatherings, a habit that has not always enhanced his reputation as a serious leader.

Mr Jiang, it seems, likes to perform. He certainly cannot complain about the prominence of the stage on which he now finds himself.



## History without the detail

Roula Khalaf says reconciliation efforts in Lebanon include a committee appointed to form a consensus on the past

**I**n a flat in west Beirut, five university students argue about Lebanon's 17-year civil war and the past six years of peace.

They differ on why the war started, what it was about and whether it has ended. But they agree on one point - that reconstruction should start with a history book which tells Lebanon's new generation, regardless of their religion, a single version of their tumultuous past.

"The war started because we never felt that we belonged to one nation," says Nael, a Christian Maronite student. "In Christian schools, the history book said a Maronite Emir who killed his Druze subjects was a hero. In Druze schools, the books told his life differently and he was a villain."

The Lebanese government would also like to unify the country's history book. But, six years after the end of the Lebanese war, the country's 17 religious communities cannot agree on a common version of history and of the events of the civil war.

A government-appointed history committee representing the country's various religious tendencies, has completed 70 sessions of work to agree "general guidelines". Several hours were spent debating whether a comma was needed in one sentence. With the comma, the sentence stresses the Lebanese over the Arab tradition. Its eventual inclusion will please many Lebanese Christians.

It is only after these guidelines are approved by the council of ministers that six Lebanese historians, one from each main religious sect, will be given the green light to write a unified account. The history will gloss over the gruesome details of how the Lebanese killed each other. It will focus on foreign interference in the war and on the threat of the "Zionist" enemy.

"Details open wounds," says a senior government official. "We must focus on the good times, not the bad times, and emphasise the lessons of the period, not the details."

The struggle to forge a consensus on Lebanon's recent history reflects the country's slow and painful healing process. On the surface, the country is being reconstructed. Beirut is being enthusiastically rebuilt, in spite of regional instability and Lebanon's recent economic slowdown and deepening social crisis. The famous Casino du Liban has reopened its doors. Fancy restaurants and designer clothes boutiques have been "springing" up daily.

The 1989 Taif agreement, which paved the way to ending Lebanon's civil war, envisaged, along with this physical reconstruction, a gradual social and political reconciliation. But regional

and domestic political forces have stood in the way of national reconciliation. They have served to reinforce sectarian differences which Taif sought to eliminate.

With east and west Beirut joined as one city, it has become possible for three of the five students in the west Beirut flat to attend the University of St Joseph in the east, and to befriend Maronite classmates they once considered enemies. The students say Lebanese society is "eager for reconciliation but is pulled back by political forces."

"The leaders don't want unification, what they want are people thinking along sectarian lines so they can rule over them," says Sami, a Catholic student. "The system is such that someone will always feel left out."



Beirut: reconstructed

which risks creating another war."

Today's Lebanon is run by a trioka - a Maronite president, a Sunni prime minister, and a Shia speaker of parliament. The three are incessantly embroiled in petty disputes, rivalries that are inevitably reflected within their respective communities.

In a house built on a quail farm in southern Lebanon, Ali Makalad, a Shia supporter of the Islamist party Hizbollah, still mourns the loss of his son, killed in a battle with a rival Shia militia. "How can we be part of the same country when I worry about Israeli bombardments, while I see other Lebanese on television saying all they care about is for it to snow so they can go skiing, or when I see them in their fancy clothes and fancy restaurants telling the world that Lebanon is thriving?"

In Lebanon's postwar politics, both the Shias and Sunnis have been assigned principal roles. It is the Christian Maronites, who dominated prewar politics, who are still being made to pay the price of the war through political marginalisation.

Nael, the Maronite student, says the Christians may deserve to pay for their attempts to monopolise Lebanese politics. "But the government has simply turned it around and allowed them

to feel persecuted. Perhaps the war has not really ended; it's just that the Christians no longer have the means to fight."

The three Moslem students sitting next to him are relieved that Lebanon's universities are no longer an ideological battlefield. When they collected money for refugees during last April's 17-day Israeli bombardment of the south, they were impressed that many Christians made donations.

"But the Israeli assault was a 'test' moment of Lebanese solidarity," the students say. "The Israeli bombings ended, their (Christians) interest in the south evaporated," says Hala. "They think the south is a different country."

The conversation inevitably turns to Syria, the powerful neighbour whose influence in Lebanon was institutionalised in the Taif agreement. Syria was licensed to police the Lebanese peace, and then expected to retreat to its borders, but its forces have stayed on. Damascus has become the main force in Lebanese politics.

The students say anti-Syrian feelings harboured by the Maronites are growing among the Moslem communities. Many in Lebanon fear that, without the continued Syrian presence, their fractured society would sink back into warfare. But others say that, stripped of its sovereignty, Lebanon's society has little chance of reconciliation.

If Beirut's high-rise buildings indicate that Lebanon may regain its former status as a thriving regional centre, it is a small town about 50km north of the capital that better portrays the painful process of nation building.

Souk el Gharb, a Christian Greek Orthodox town surrounded by Shia and Druze communities, was hit so hard during the war it is guaranteed a place in the history books. Today the bakery and grocery shop are among the few buildings that have been rebuilt. Between them, the houses lie in ruins, pillaged and stripped of doors and windows.

In the renovated church only 40 people congregate for Sunday mass. Few of the Christians who once lived in this part of Mount Lebanon and in the neighbouring Chouf mountains are going back to Souk el Gharb. Many families are selling their property to Shias.

"The government doesn't give enough money for us to rebuild," says a former landowner who has abandoned Souk el Gharb. "We moved to the mountains in the east and have started a new life. I don't think we can bear another change. And what good is one house rebuilt in the middle of all the destruction? To rebuild Souk el Gharb will take another 30 years."

## Bank buildings are successfully becoming restaurants, says Nicholas Lander

## Mouths where their money was

**F**or 200 years the relationship between restaurants and bankers has been chequered. Rivaling builders for top position in the receivership tables, restaurant owners have had a less than enthusiastic reception from bank managers.

But suddenly bankers on both sides of the Atlantic are seeing budding restaurants in a new light. This is not because of excitement at the prospect of winning a new restaurant's business - though a big, modern bar/brasserie can record daily takings of up to £20,000 (\$32,000).

Rather it is the catering trade's interest in the banks' most obvious but least productive assets - their corner sites.

In London, former National Westminster bank branches have provided homes for Bank - a fashionable restaurant on the corner of Aldwych and Kingsway - and Pizza Express in Baker Street. In Hampstead, a former branch of Barclays Bank houses the Cube bar - to save on lettering the new owners simply took down the last nine letters to form the word Bar on the exterior. And in Plymouth, a former Lloyds bank now trades as a bar/brasserie.

In the US, Manhattan's most fashionable restaurant, Nobu, is in a former bank branch on the corner of Hudson Street in SoHo. Rather than greenbacks, it now dispenses Japanese food under master chef Nobu Matsuhisa.

Beyond the aubai and sashimi counter where eight Japanese chefs furiously chop and slice is the black, open door of what was the vault, with the thick steel bolts still protruding. Today there is a counter across the opening and a barman behind - with bins for the



Potential consumers: the menu outside Bank restaurant attracts the attention of two people

wine bottles along the walls and cases of spirits and mixers on the floor.

Restaurateurs have even been the beneficiaries of bank failures. In Glasgow, a former corner branch of the Bank of Commerce and Credit International - empty for four years after its failure in 1991 - has been reopened as 78, St Vincent, a bar and restaurant. Its new owner, restaurateur Mike Conyers, discovered it was the UK's first steel-framed banking hall, built in 1913 and modelled on the Chicago banks.

The new relationship suits both parties. Banks no longer need a presence on every high street, as of their traditional way of doing business over the counter

has given way to hole-in-the-wall cash machines, telephone banking and a concentration on fewer branches.

To find new lending opportunities in today's competitive market, bankers must travel to their prospective borrowers rather than wait for business to roll in. In the former branch manager's office in the Baker Street Pizza Express, Italian chefs roll out and cook pizzas.

Old bank branches would not have been suitable for the traditional, intimate restaurants of yore. But they are ideal for the big and bustling, open-plan restaurants that have become so popular over the past five years - where it is not just food and drink on offer but the opportunity to be seen.

Large banking halls can seat a substantial number of customers - often more than 200 at any one time. In central London, Bank has rooms for 65 tables, and is feeding 600 a day eight weeks after opening. Le Gavroche, one of London's most highly rated restaurants, can seat only 60 diners.

The imposing fronts and generous proportions of bank buildings allow restaurateurs easily, obviously and immediately to stamp their individuality. Bank, for example, has turned the former customer counter into a horseshoe bar clearly visible from the street. It accommodates 40 sitting and 60 standing.

The former BCCI bank in Glasgow has accommodated

a mezzanine floor to provide extra capacity. And the front windows of the Cube bar in Hampstead were deep enough to hang three Christmas trees over the bar.

For the restaurateur, the interior design of the interiors of former banks is often equally appealing. Built to reflect the institution's financial standing, they usually have large windows and high, impressive ceilings to provide a substantial, uninterrupted seating area.

**A**nd a bank's former basement and vault can be put to good use, too. At Pizza Express, the arches under the street where the bank's records were once housed have been strengthened to accommodate extra tables and chairs. The restaurant, converted only last December, is feeding 4,500 customers a week.

The main difficulty in converting these temples from Mammon to gastronomy is in their impragmatic construction. Removing the night deposit box, made of toughened steel and running from the ground floor to the basement, took more than a week in one conversion. In Glasgow, diamond drills had to be used to cut through the floors to provide the necessary extra services.

London's next bank conversion should have been a former Bank of Nigeria branch in Waterloo Place, off Lower Regent Street. Harvey Nichols Restaurants, linked to the top-drawer Knightsbridge store, was hoping to open for business there until lease negotiations broke down.

"I am disappointed," said Mr Dominic Ford, food and beverage director of Harvey Nichols, "but there seems to be no shortage of wonderful bank sites waiting to be turned into restaurants."

## Of marriage and multi-millionaires

Tracy Corrigan on a divorce that has highlighted the role of the corporate wife

**M**r Gary Wendt, who has risen to the number two slot at America's largest company, General Electric, would like to be known for his business acumen. Instead, he runs the risk of being remembered for his divorce.

Mrs Lorne Wendt, his wife of 31 years, is fighting him in the Connecticut courts for half his assets, which she says total \$100m. He says his assets are a paltry \$34m, and that his wife should be able to get by on a \$10m lump-sum payment.

The case, which draws to a close next week, marks the emergence of a newly recognised social phenomenon: the corporate wife. Mrs Wendt is not merely arguing that her marriage partnership with Mr Wendt automatically entitles her to half the couple's wealth. She says that, by hosting dinner parties, orchestrating multiple house moves and generally flying the corporate flag, she directly contributed to his lucrative career.

The role of corporate wives is too easily dismissed, argues Ms Esther Berger, a financial adviser to women at US broker Paine Webber in Beverly

Hills and author of *Money-Smart Divorce*. "Let's think back to what the norm was 30 or 40 years ago. When these women got married, the husband was the breadwinner and it was not politically correct for women to work outside the home. Corporate wives defined themselves as supporting their husbands and in a very real sense that was their job."

While corporate wives may spend more time on the phone to caterers than slaving over a hot stove, they may not always have been that way. The Wendts had no assets when they married, and Mrs Wendt worked as a music teacher to put her husband through Harvard Business School.

And after the successful executive has made it to the top, there is still pressure on the corporate wife, even if it is only to sit on the right committees and go to the right parties. "People assume they love it. What's so terrible about putting on a ball gown and some fancy jewellery? But some of them would have liked their own careers," says Ms Berger.

Others argue that the precise contribution of the corporate wife is irrelevant,

and the issue is the nature of the marriage partnership itself. Take "some guy who reaches the pinnacle of his career over a lot of dead bodies," says Mr Art Balbirer, a Connecticut divorce lawyer. "Maybe the wife didn't (advise his strategy for success) but she was a first-rate wife and mother and did all she was called on to do."

Mrs Wendt can hardly claim she would have been better off financially if she had pursued her career as a music teacher, but there may be other advantages to working outside the home. After all, corporate wives whose husbands leave them

lose their jobs as well as their marriages. While 47.3 per cent of employees at US companies are women, a working wife is far from the norm among executives. Ms Berger believes a lot of younger women still aspire to stay at home, though she adds: "Even if they choose home and hearth, women will no longer subsume themselves to their husbands' careers."

Breadwinners' attitudes are changing, too. In a country where top executives are often multi-millionaires and in divorce, watertight pre-marital contracts are seen as a way of fending off the potentially litigious corporate wife, lawyers say.

In most divorces, assets are split down the middle. But when assets exceed \$20m, courts tend to take the view that the corporate wife should only get enough to maintain her lifestyle, says Mr Balbirer.

"More and more people are doing pre-nups," says Mr Stephan Cohen, a New York matrimonial lawyer. "Today it's an act of insanity for anyone with any kind of money to get married without a prenup agreement." Ms Berger also

favours such agreements. "It's marvellous for people to be able to protect their assets," she says. "You have to understand that marriage is in part a business relationship and it makes for a cleaner, clearer relationship if that issue is on the table."

But Mr Balbirer will not have anything to do with what he regards as "disgusting" pre-nuptial arrangements. "I find it difficult enough to negotiate a divorce when both partners are in possession of the full facts, but I find it impossible to negotiate a divorce when the partners haven't yet just married."

He adds: "There is usually someone who is getting screwed, and it is usually the economically dependent woman. She's in love and she trusts him and the guy says: 'Honey, this is just because the lawyer wants it.'"

But it is not always the man who wants a prenuptial deal, according to Mr Cohen. "Sometimes it's the woman who has the money, and a woman with money is tougher [about getting an agreement] because she's worked harder to get it," he says. "And she ain't giving it up so easy."



# D-Mark firm

MARKETS REPORT  
By Wolfgang Münchau

Foreign exchange markets ended on a relatively quiet note after a hectic trading week, which saw frequent fluctuations in the exchange rates for the D-Mark and the lira.

The US dollar ended 0.6 pence lower at DM1.8831. Against the yen, the dollar fell by ¥0.265 to ¥122.810. The Japanese call rate, which rose above 0.5 per cent at mid-week slipped back below this level, while the Bank of Japan maintained a neutral stance in the money markets.

The pound closed 0.2 pence higher against the D-Mark at DM2.7252. Against the dollar, the pound was up by 0.7 cents at \$1.6192.

The D-Mark hung on to its increases from Thursday, which reflected mild hopes that the worst for the German economy was now over,

## Markets in New York

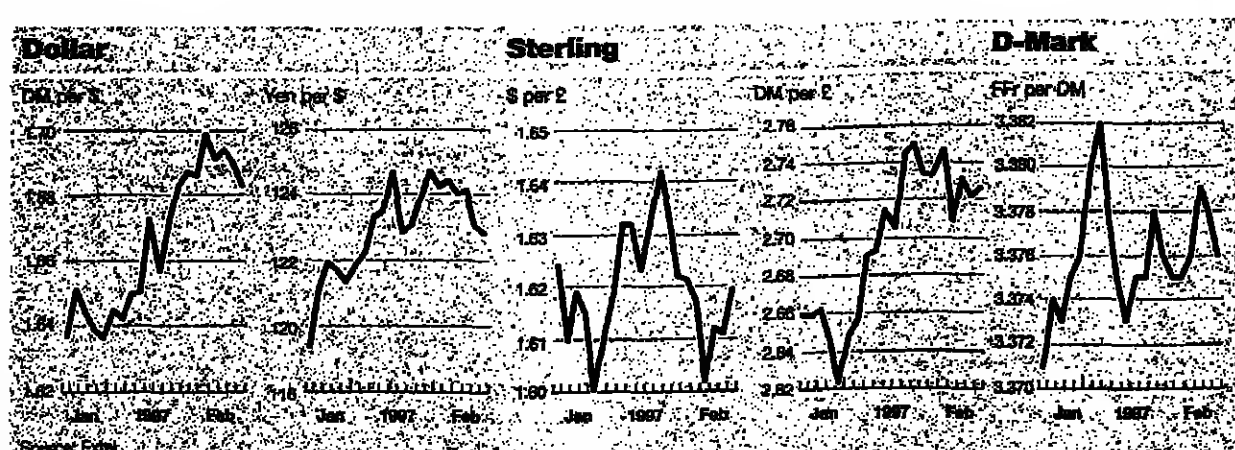
Feb 21  
1 mth 1.8175  
3 mth 1.8145  
1 yr 1.8093

following a surprise jump in the life confidence index during January.

The lira strengthened against the D-Mark after Eurostat cleared Italy's controversial 'Eurotax' as a valid measure to reduce the Italian budget deficit. The markets interpreted the decision as a small improvement in Italy's chances to meet the Maastricht deficit ceiling of 3 per cent, one of the convergence criteria for the single currency. The Italian

currency ended stronger against the D-Mark at L887.9 after L990.1 the previous day.

Bundesbank officials have been protesting over the last week that the fall of the D-Mark against the dollar



had gone far enough. Yesterday Chancellor Helmut Kohl himself gave a rare statement about the D-Mark trading levels when he declared: "It is good to note that the D-Mark has been fully corrected against the dollar in the last year". The concerted attempts by German officials to talk up the D-Mark reflects concern about imported inflation, especially so close ahead of monetary union.

Meanwhile, Mr Ernst Welte, president of the Hesse

state central bank, said that Germany could adopt the single currency even if it breached the Maastricht budget deficit ceiling of 3 per cent.

Emu has been one of the key issues in foreign exchange markets in the last few days. Yesterday's decision by Eurostat, the EU's statistical office, to rule Italy's Eurotax as compatible with the Maastricht spirit gave a predictable boost to the Italian currency,

as Italy now looks marginally more likely to be among the first group of nations to join the single currency. The government hopes to raise new revenues of L12,000bn. (\$2.1bn), around 0.6 per cent of gross domestic product.

Eurostat's decision only affected a small portion of the proposed revenues. The widely fluctuating perception of Italy's chances of meeting the criteria is now the key factor behind the fluctuations in the lira. After a few days of weakness the Italian

currency yesterday rose through its L990 central parity against the D-Mark.

Mr Romano Prodi, the Italian prime minister, yesterday raised the stakes in the emu debate, when he insisted that Italy should be a founder member of Emu or its economy would be under serious pressure. It was the kind of comment that boosts the lira on a good day. But the markets are bound to remember his words when Italy's chances of joining Emu change again.

## POUND SPOT FORWARD AGAINST THE POUND

Feb 21	Closing mid-point	Change on day	Bid/offer spread	Day's High	Mid low	One month Rate %p.a.			
Europe									
Austria	(Sfr)	10.1783	+0.0177	706	880	18.1368	2.7		
Belgium	(Bfr)	36.2483	+0.0033	974	939	56.5720	56.1243	2.7	
Denmark	(DKr)	10.4036	+0.0141	977	938	10.4342	10.3555	2.7	
Finland	(Fmk)	8.1552	+0.0022	494	610	8.1520	8.0400	2.7	
France	(Ffr)	8.2025	+0.0059	983	957	9.2349	8.1862	2.7	
Germany	(DM)	2.7282	+0.0026	240	263	2.7347	2.7187	2.7	
Greece	(Dr)	36.4394	+0.0024	231	674	470.4337	470.4337	2.7	
Ireland	(Ir£)	1.0271	+0.0008	263	279	1.0293	1.0268	2.7	
Italy	(Lit)	2692.86	-2.82	125	420	2692.37	2693.18	2696.11	2.7
Luxembourg	(Lfr)	36.2489	+0.0033	974	938	56.5720	56.1243	56.1243	2.7
Netherlands	(Gld)	3.0624	+0.0047	613	634	3.0716	3.0430	3.0546	3.3
Norway	(Nkr)	8.0785	+0.0018	666	830	8.0811	8.0159	10.6685	2.7
Portugal	(Esc)	273.62	+0.15	273	273	274.52	272.65	273.94	2.7
Spain	(Ptas)	231.101	+0.485	970	232	231.110	229.700	231.101	2.7
Sweden	(Skr)	11.9729	+0.0126	614	814	12.0213	11.9298	11.9398	1.4
Switzerland	(Sfr)	2.5736	+0.0144	725	739	2.5930	2.5721	2.5956	4.7
UK									
USA		1.4043	+0.0011	029	056	1.4091	1.4033	1.4024	1.3
South Africa	(Rand)	1.174916							
Americas									
Argentina	(Peso)	1.8184	+0.0057	180	187	1.8210	1.8193		
Brazil	(Real)	1.3309	+0.0007	004	014	1.3332	1.3291		
Canada	(C\$)	2.2051	+0.0158	042	059	2.2059	2.1937	2.1989	2.7
Mexico	(New Peso)	12.5630	+0.0079	522	738	12.5694	12.5071		2.7
USA	(F)	1.6912	+0.0007	188	195	1.6213	1.6105	1.6182	0.2
Asia/Pacific/Indo Middle East/Africa									
India	(Rs)	88.0098	+0.0098	787	818	88.0927	87.5075	87.9921	0.2
Hong Kong	(HK\$)	12.5371	+0.0041	336	400	12.5256	12.4470	12.5398	0.2
Japan	(¥)	56.8071	+0.2103	340	401	56.1880	57.8010		0.2
Israel	(Sh\$)	5.4181	+0.0025	100	221	5.4221	5.3815		0.2
Japan	(¥)	198.848	+0.6295	756	830	198.170	197.470	197.916	0.2
Malaysia	(M\$)	2.0192	+0.0002	000	000	2.0192	2.0192		0.2
New Zealand	(NZ\$)	2.6306	+0.0005	289	322	2.6355	2.5919	2.5373	-3.4
Philippines	(P\$)	42.8525	+0.2082	668	681	42.9981	42.8058		0.2
Saudi Arabia	(S\$)	6.0727	+0.0292	714	743	6.0804	6.0426		0.2
Singapore	(S\$)	2.3057	+0.0009	010	070	2.3070	2.2927		0.2
South Africa	(Rand)	1.174916							0.2
South Korea	(Won)	1387.61	+0.86	407	115	1391.15	1380.38		0.2
Taiwan	(T\$)	44.8898	+0.1177	465	306	44.7403	44.4404		0.2
Thailand	(B\$)	42.0006	+0.1949	674	341	42.0570	41.7880		0.2
Rates for Feb 20. Bid/offer spreads in the Pound Spot table show only the first three decimal places.									



## UNIT TRUSTS

## WINNERS AND LOSERS

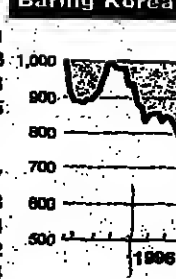
## TOP FIVE OVER 1 YEAR

Johnson Fry Soter Growth	1,551
Halfway UK Smaller Cos	1,301
Gartmore UK Smaller Companies	1,378
Jupiter European	1,353
Old Mutual European	1,335

## BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	447
F&C Japanese Smaller Cos	613
Save & Prosper Korea	614
Baring Korea	622
Fidelity Japan Smaller Cos	624

## Baring Korea



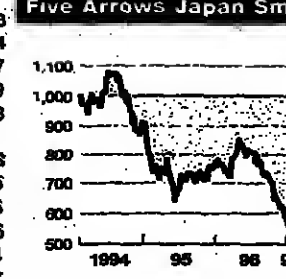
## TOP FIVE OVER 3 YEARS

Hill Samuel US Smaller Cos	1,976
Profit Technology	1,914
PM North America Growth	1,887
Jupiter European	1,829
Edinburgh North American	1,823

## BOTTOM FIVE OVER 3 YEARS

Save & Prosper Korea	445
Govett Japan Strategy	505
Five Arrows Japan Smaller Cos	515
Old Mutual Thailand Acc	524
Fidelity Japan Smaller Cos	527

## Five Arrows Japan Sm



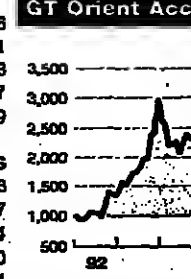
## TOP FIVE OVER 5 YEARS

HSBC Hong Kong Growth	3,756
Gartmore American Emer Gth	3,481
Hill Samuel UK Emerging Cos	3,453
GT Orient Acc	3,377
Mercury Gold & General	3,329

## BOTTOM FIVE OVER 5 YEARS

Friends Prov Japanese Sm Cos	723
Govett Japan Strategy	757
Barclays Uni Japan Inc	784
Fidelity Japan Smaller Cos	780
M&G Japan & General Acc	811

## GT Orient Acc



## TOP FIVE OVER 10 YEARS

Hill Samuel US Smaller Cos	5,950
Friends Prov Australian	5,477
Gartmore American Emer Gth	5,264
F&C US Small Companies	5,260
HSBC Hong Kong Growth	5,214

## BOTTOM FIVE OVER 10 YEARS

Barclays Uni Japan Inc	585
Mercury Japan	711
M&G Japan & General Acc	728
Waverley Australian Gold	775
CU PPT Japan Growth	813

Source: HSW (01625 511311)

## Indices

Average Unit Trust	1043	1141	1816	2391	3.3	2.6
Average Investment Trust	1139	1193	2148	2964	4.8	4.8
Bank	1032	1112	1220	-	0.0	4.3
Building Society	1031	1113	1225	1874	0.0	4.0
Stockmarket FTSE All-Share	1185	1390	2057	3065	3.1	3.5
Inflation	1028	1059	1108	1538	0.4	-

## UK Growth

Johnson Fry Soter Growth	1,951	1,724	2,492	-	3.9	0.6
Jupiter UK Growth	1,189	1,645	2,858	-	3.4	1.8
Credit Suisse Fellowship Inc	1,134	1,496	-	-	3.3	1.1
Perpetual UK Exempt	1,181	1,479	2,784	-	3.0	2.5
Servus UK Growth	1,121	1,461	2,082	-	3.3	1.8
SECTOR AVERAGE	1,121	1,248	1,912	2,386	3.2	1.8

## UK Growth &amp; Income

Fidelity UK Dividend Growth	1,147	1,430	-	-	2.1	-
Fleming Select UK Income	1,201	1,383	2,075	2,705	3.2	3.5
Profit UK Blue Chip	1,157	1,372	2,075	-	3.3	2.9
Perpetual Income	1,123	1,371	2,388	2,904	3.0	2.8
Lazard UK Income & Growth	1,121	1,365	1,932	2,506	3.1	4.2
SECTOR AVERAGE	1,111	1,221	1,826	2,545	3.1	2.8

## UK Smaller Companies

Gartmore UK Smaller Companies	1,710	1,710	2,288	2,784	3.5	0.3
Laurence Keen Smaller Cos	1,237	1,698	-	-	3.2	1.1
AES Smaller Companies	1,212	1,642	2,375	-	3.2	0.9
INVESTCO UK Smaller Companies	1,230	1,551	2,587	2,563	4.1	1.1
Schroder Smaller Companies Inc	1,203	1,522	2,434	2,642	3.2	0.7
SECTOR AVERAGE	1,137	1,233	2,040	2,384	3.1	1.4

## UK Equity Income

Jupiter Income	1,198	1,827	3,248	-	3.1	4.3
Lazard UK Income	1,141	1,393	2,135	3,218	3.1	4.5
BWD UK Equity Income	1,174	1,361	2,114	2,711	3.0	3.6
River & Mercantile 1st Income	1,118	1,338	2,190	-	3.1	4.1
Royal Life High Income Dis	1,119	1,320	1,982	2,264	3.0	3.8
SECTOR AVERAGE	1,098	1,184	1,903	2,503	3.1	4.5

## UK Equity &amp; Bond Income

Profit Extra Income	1,086	1,230	1,889	2,491	2.7	4.5
Cazenove UK Equity & Bond	1,121	1,209	-	-	3.5	5.9
Guardian Balanced	1,054	1,203	-	-	2.1	4.6
Scott Widows Balanced	1,065	1,196	-	-	4.8	-
CIS UK Income	1,092	1,187	1,818	-	2.7	4.1
SECTOR AVERAGE	1,075	1,118	1,741	2,193	2.8	5.4

## UK Eq &amp; Bd

BWD Balanced Portfolio	1,188	1,408	2,220	-	3.3	1.2
Perpetual High Income	1,120	1,317	2,378	-	2.6	3.5
Credit Suisse High Income Port	1,088	1,297	2,221	-	2.9	4.1
NPI UK Extra Income Inc	1,118	1,272	2,163	-	2.7	3.6
Canille Income Dis	1,111	1,221	1,868	2,314	2.7	3.5
SECTOR AVERAGE	1,087	1,219	1,943	2,523	2.9	3.3

## Gift &amp; Fixed Interest

Brilliant Gift & Fixed Int Inc	1,079	1,211	1,381	-	1.7	8.2
Thomson Preference Inc	1,067	1,211	1,825	2,388	1.8	9.5
Henderson Preference & Bond	1,101	1,163	1,590	2,178	1.5	8.9
Profit UK Fixed Interest	1,085	1,152	1,625	-	1.7	7.2
M&G Gift & Fixed Interest	1,138	1,147	1,503	2,013	2.3	6.7
SECTOR AVERAGE	1,072	1,084	1,463	2,006	1.9	6.6

## International Equity Income

GT International Income	1,072	1,206	2,004	2,594	2.7	2.6
Martin Currie Int'l Income	1,088	1,176	2,032	-	2.9	2.9
GEM Dolphin Int'l Gth & Income	1,087	1,172	1,806	1,956	3.0	2.3
Mayflower Global Income	1,035	1,143	1,847	1,952	2.9	4.2
M&G International Income	1,038	1,138	1,883	2,557	2.4	4.3
SECTOR AVERAGE	1,060	1,119	1,881	2,173	2.7	3.4

## International Fixed Interest

Baring Global Bond	1,054	1,135	1,676	-	1.8	6.2
Barclays Uni European Bond Inc	1,071	1,115	-	-	1.3	5.8
Old Mutual Worldwide Bond Inc	1,003	1,093	1,439	-	2.0	4.8
Mercury Global Bond Acc	1,002	1,082	1,482	-	1.8	5.0
TSB International Income Inc	977	1,061	1,424	-	1.8	4.6
SECTOR AVERAGE	952	999	1,368	1,633	2.0	5.3

## International Equity &amp; Bond

Bank of Ireland Ex Mgd Growth	1,088	1,294	1,882	-	2.5	2.8
Cazenove Portfolio	1,060	1,250	1,921	-	2.2	1.8
NPI Worldwide Income Inc	1,045	1,201	1,740	-	2.6	1.8
Gartmore PS Long Term Balance	1,098	1,199	1,925	-	2.6	2.8
Fleming General Opportunities	1,131	1,194	-	-	2.9	3.3
SECTOR AVERAGE	1,048	1,128	1,673	2,232	2.4	2.5

## International Growth

Profit Technology	985	1,814	3,266	5,010	6.2	-
Framlington Health	1,023	1,815	2,222	-	7.0	-
Henderson Global Technology	980	1,477	2,410	4,110	5.8	-
Save & Prosper Growth	1,157	1,463	2,778	3,572	3.4	1.6
Scott Equitable Technology	1,092	1,451	2,287	4,127	4.4	0.8
SECTOR AVERAGE	1,030	1,109	1,777	2,229	3.3	1.0

## INVESTMENT TRUSTS

## WINNERS AND LOSERS

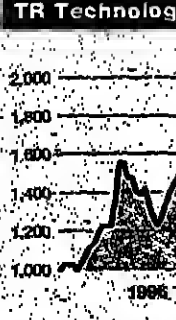
## TOP FIVE OVER 1 YEAR

English National	4,822
TR Technology	1,917
First Russian Frontier	1,856
SR Pan-European	1,856
TR European Growth	1,772

## BOTTOM FIVE OVER 1 YEAR

Perpetual Japanese	567
Fidelity Japanese Values	564
Schroder Korea Fund	568
Korea Liberalization Fund	581
Stam Selective Growth	584

## TR Technology



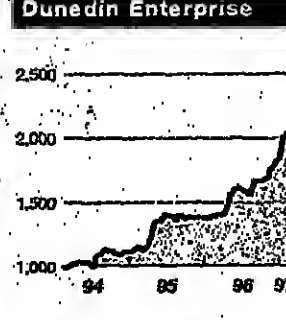
## TOP FIVE OVER 3 YEARS

TR Technology	2,575
TR European Growth	2,087
Thompson Clive	2,063
Dunedin Enterprise	2,051
Candover	2,005

## BOTTOM FIVE OVER 3 YEARS

East German	431
Perpetual Japanese	458
Schroder Korea Fund	459
Invesco Korea	481
Baillie Gifford Shin Nippon	486

## Dunedin Enterprise



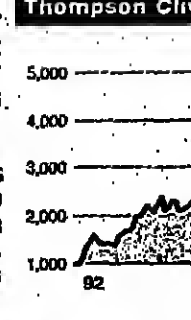
## TOP FIVE OVER 5 YEARS

TR Technology	12,087
Invesco English & Intl	6,492
MCT Capital	5,417
Foreign & Col Enterprise	4,936
Thompson Clive	4,371

## BOTTOM FIVE OVER 5 YEARS

East German	359
Exmor Dual Capital	588
Corina-Cyclical Capital	703
Exmor Dual Inc	706
Baillie Gifford Shin Nippon	730

## Thompson Clive



## TOP FIVE OVER 10 YEARS

Candover	10,565
Rights & Issues Inc	6,349
Foreign & Col Enterprise	6,173
Rights & Issues Capital	5,136
Kleinwort Development Fund	5,101

## BOTTOM FIVE OVER 10 YEARS

Newmarket Venture Capital	816
Framlington Income & Capital	864
Trust of Property Shares	904
Jove Capital	1,182
Baillie Gifford Japan	1,189

Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. For investment trust prices see main paper.

## UK General

Mercury Keystone	1,178	1,488	2,594	4.1	2.7
Malvern UK Index	1,252	1,481	2,158	0.0	4.0
Finsbury Trust	1,239	1,418	2,859	1.1	2.3
Fleming Claverhouse	1,293	1,412	2,205	1.7	4.7
Finsbury Growth	1,159	1,381	2,329	7.0	2.6
SECTOR AVERAGE	1,447	1,291	2,236	-	3.6

## UK Capital Growth

Kleinwort 2nd Endowment Policy	1,294	1,490	-	-	-	-
Kleinwort Endowment Policy	1,180	1,347	-	-	7.7	3.3
Ivory & Sims ISIS	1,284	1,228	-	-	27	4.7
Welsh Industrial	971	1,214	3,321	-	27	4.2
Broadgate	1,049	1,101	-	-	13	3.9
SECTOR AVERAGE	1,175	1,239	2,709	-	4.2	2.4

## UK Smaller Companies

INVESTCO English & Intl	1,273	1,786	6,482	4.0	5.8	0.7
Henderson Straits	1,185	1,715	3,154	-	4.5	0.4
Gartmore Smaller Companies	1,487	1,608	2,203	6.0	4.3	2.0
Ivory & Sims UK Smaller Cos	1,419	1,595	2,321	10.0	5.6	2.3
Perpetual UK Smaller Cos	1,180	1,554	2,688	-	3.9	0.8
SECTOR AVERAGE	1,178	1,184	2,228	-	4.4	2.2

## UK Income Growth

TR City of London	1,189	1,301	2,117	4.0	4.2	4.2
Value and Income	1,215	1,284	2,730	-	3.4	3.9
Morgan Grenfell Equity Income	1,136	1,284	2,313	4.0	3.6	4.7
Fleming Inc & Cap (Units)	1,161	1,237	-	-	8.0	4.8
M&G Income (Units)	1,129	1,228	1,875	7.0	3.0	5.0
SECTOR AVERAGE	1,113	1,202	2,034	-	4.0	4.7

## Venture and Devt Cap

Thompson Clive	1,213	2,083	4,371	18.0	5.5	1.4
Dunedin Enterprise	1,470	2,051	3,868	6.0	3.5	3.8
Candover	1,367	2,005	3,441	3.0	5.0	2.7
Kleinwort Development Fund	1,181	2,001	2,761	14.0	3.8	3.2
Foreign & Col Enterprise	1,633	1,894	4,836	5.0	4.3	1.1
SECTOR AVERAGE	1,171	1,478	2,758	-	4.6	2.5

## Int Income Growth

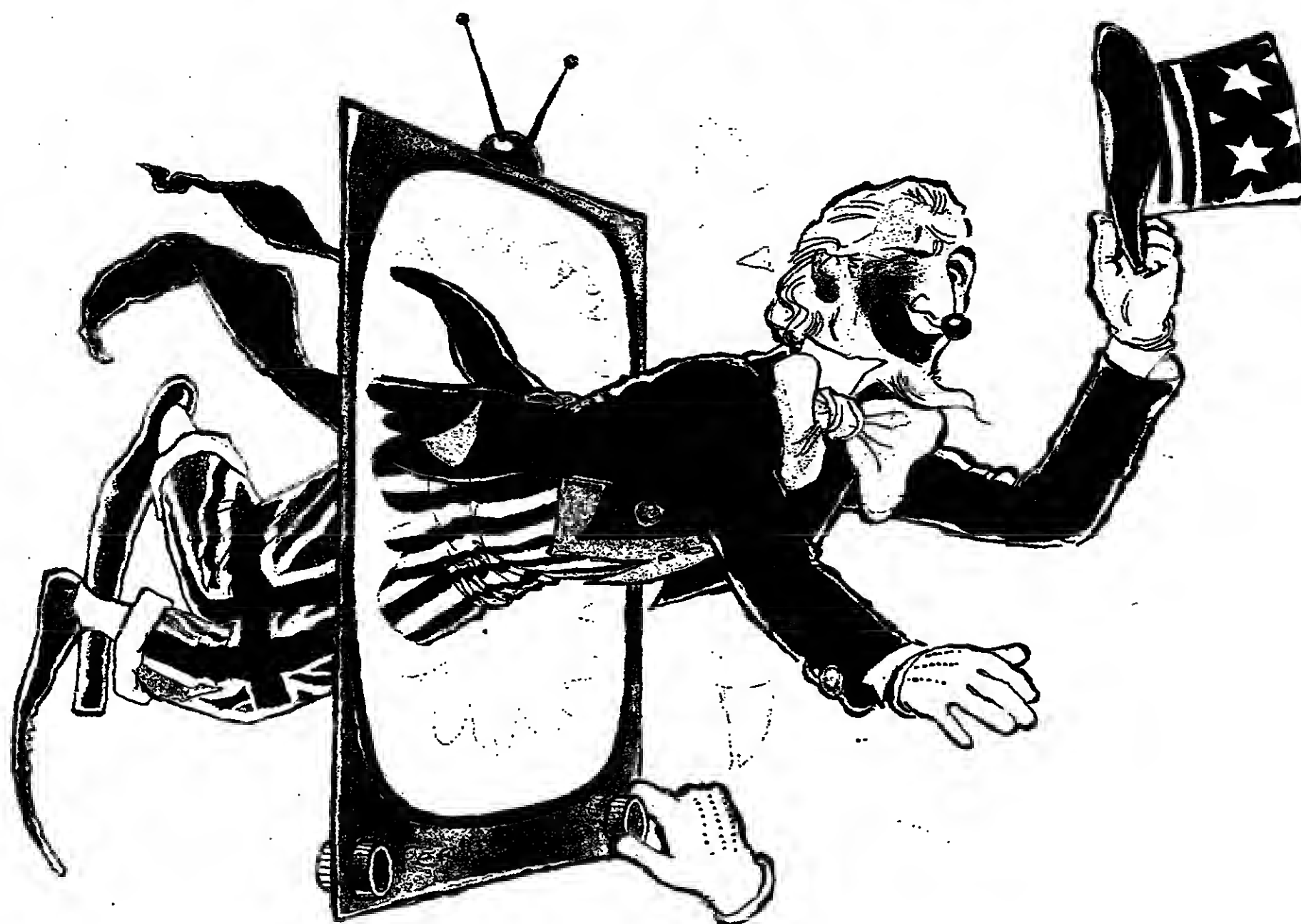
Murray International	1,136	1,315	2,233	3.0	3.9	3.8
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# Weekend FT



## If it's witty, it must be American

The British gave sitcoms to the world. But US comedies have usurped their old-world ancestors and are hitting new highs of sophistication. Christopher Dunkley reports

American television is retuning British culture. For decades, that very special brand of TV reviewer known as the media academic has presumed that all things bright and intelligent on US television sprang from a British invasion of ingenuity in the late 1960s.

Now, British viewers are consuming huge slabs of US comedy, end-to-end sitcoms that have otherwise well-educated, thoughtful individuals cracking corners-of-the-mouth jokes with origins in the Manhattan loft or the dysfunctional, cleverly distasteful American family home. Where are the Brits with wit?

Just before Christmas, *Radio Times*, Britain's biggest listings magazine, announced "BBC TV interrupts its normal service to bring you THE SIMPSONS" with Homer and his family monopolising the cover. Now BBC1 starts its Saturday evening audience build with *The Simpsons* and their animated antics.

Channel 4 has taken to screening its fashionable American series in bunches - a critical mass of comedy: last night *Spin City* followed by *Roseanne*, and on Wednesdays *ER* followed by *Friends* followed by *Cheers*. The youth section of the British cognoscenti, traditionally so scathing about American television ("We send them *Monty Python* and *Pauline Kael* and what do they send us? *Mr. Ed*, *The Beverly Hills Cop* and *The Brady Bunch*") cannot get enough of this sharp American stuff.

Having lapped up *Northern Exposure*, *The X-Files* and *Murder One*, Britain's young project managers, fashion buyers, software designers and law graduates have moved on to *Dark Skies*, *Frasier*, *Seinfeld* and *Third Rock From The Sun*, in which aliens attempt good citizenship on Earth.

Viewers chat about their favourites on the Internet, giggle again at one liners, and aspire to the lifestyle. Talk to American academics and it becomes clear that this reversal may not be sheer chance. With the expansion of higher education in the US driving demand, and writing at the top end of the business becoming more sophisticated, it could be that American television is beginning the diversification to satisfy the hyper-choice offered by dozens of digitised channels.

What is interesting, and perhaps ominous for the British, is that the UK industry is producing so little material which can compete for the attention of these interesting sitcom conversationalists.

There have been only 20 episodes of *Absolutely Fabulous*, the parody of London's high-fashion set, and some commentators, this one included, feel that *Men Behaving Badly*, despite all the laurels heaped upon it and its renaissance like in coming surf and more a latter-day version of the "melancholy, long withdrawing roar" heard by Matthew Arnold on Dover Beach.

Drop the dead donkey, the TV newscast take-off, does manage to sustain an ensemble strength and a gag density ratio to match the

cross-Atlantic competition. But when American magazines celebrate the re-birth of "swinging" Britain, that clearly has more to do with street fashion, Britpop music trends and a revival of Olde England cooking than with television sitcoms.

Yet television was in the vanguard of that first "swinging" revolution in the 1960s. It was two ground-breaking British series from the BBC which, by common consent, transformed American television. Galton and Simpson's series about rag-and-bone men, *Steptoe And Son*, became *Sanford And Son*, with the colour of the protagonists changed from white to black, and Johnny Speight's *Till Death Us Do Part* became *All In The Family*.

In the switch between British and American versions, the appealingly bigoted yet ultimately lovable working class right winger, Alf Garnett, became the bigoted but wise-cracking blue collar worker, Archie Bunker. What stayed the same was the immense popularity with viewers who had not seen such politically incorrect material on television before.

According to Tim Brooks and Earle Marsh in their *Complete Directory To Prime Time Network TV Shows*, one of the most valuable reference books about television ever published, *All In The Family* "ranked number one [in the US] among all series for five years, the longest time on top for any series in television history".

The immediate consequence was a string of "format deals" in which British comedy series were re-made with American casts and more or less subtle changes to suit American mores - one of the most successful being Thames Television's *Man About The House* which became *Three's Company*.

Don Taffner, whose company D.L. Taffner was responsible for that deal and others, points out two important differences between the British and American approach: "The British tradition is for an entire comedy series to be written either by a single writer or by a team of two." Johnnie Mortimer and Brian Cook wrote all 39 episodes of *Man About The House*, for example.

"But American networks require many more episodes, and they frequently don't tell you until late in the day that they want, say, 22 over the next 30 weeks. So you have to use team writing for an American series, and that can have a major effect on the style of the programme".

*Three's Company* continued for 232 episodes and, says Taffner, grossed \$700m in network and syndication fees. There are even more extreme examples: *M\*A\*S\*H* ran to 251 episodes, and many American comedies have employed scores of

persons) and a new wave of shows dealing with issues television had scarcely ever touched before: interfaith marriage (*Bridge Loves Bernie*), anti-war sentiments (*M\*A\*S\*H*), life at the bottom of the economic ladder (*Good Times*, *Chico And The Man*). Maudie had an abortion, and Edith Bunker was attacked by a racist - comedy had never been like this before!

According to this thesis the origins of virtually the entire range of socially aware television fiction in the US today - drama as well as comedy - can be traced back to that Anglo-American base in the 1970s.

But if it all began with the BBC, why, in 1997, are fashionable Britons devoting so much attention to American comedies?

Barry Took, whose script writing credits stretch from *Round The Horn* on BBC radio to *Rosamund And Martin's Laugh In* on American television, is clear if unhappy about the reasons: "There was an atmosphere of freedom and enterprise in British television in the 1960s and 1970s. Today, many of the people running the UK industry don't know much about programmes, they dread making mistakes, so - where ITV is concerned, for instance - they don't make anything. Not in the way of proper comedy, anyway."

Jay Parini, Professor of English at Middlebury College, Vermont, reckons the supply of more intelligent American material is emerging to meet a demand: "What you're seeing is a great belated of television developing to serve an expanding population of second-generation people with college educations. This is a vast new middle class which is looking for new and more sophisticated forms of humour."

"I hate television, but even I find myself drawn to *Seinfeld* and *Friends*; they are so much better written than television shows used to be."

Another American professor of literature, Elaine Showalter at Princeton, who also writes about television, sees significance in the development of technique: "American television comedy is now being constructed differently. You're getting spill-over from

drama. The cast develops over time. You see it in *Friends*, for example. It's not just their haircuts that change, it's their characters. In the past that didn't happen in comedy."

Where *Lucy* and *Bilko*, the two monster American hits of 1950s comedy, were the same week after week (that was the very attraction), today's comedy characters exert the sort of pull on the viewer that occurred previously only with the most powerful sort of drama serial.

But virtually every new British effort today seems, astonishingly, to involve abandoning the industry's greatest strength: its writers. The new shows turn instead to the comedians themselves, to disc jockeys, presenters, sportsmen, and women who specialise in being *Women*, to provide "new" comedy.

So much of the effort which British television would once have put into *Steptoe And Son* and *Till Death Us Do Part* now goes into *Fantasy League Football* (studio, couch-bound chat, jokes, and musical interludes devoted to soccer) to *Never Mind The Buzzcocks* (studio bound chat, jokes and musical interludes devoted to old pop music) to *The Mrs Merton Show* (studio bound chat, jokes and musical interludes devoted to minor TV celebrities) and a host of other instantly forgettable series.

The chief attraction to the networks appears to be that the couch comedy can be made quickly, cheaply, and without a fraction of the offence which was caused by the ground-breaking sitcoms.

It is as well to keep matters in proportion, of course. Dick Fiddy points out that while the sophisticated American comedies may have a high profile thanks to the type of viewer they attract, their audiences are of only between 2m and 4m, whereas a repeat of a six-year-old episode of *Only Fools And Horses*, the dodgy market-trader series, achieves 10m.

And Professor Jane Feuer of Pittsburgh University, co-author of *MTM, Quality Television*, says that while she was among the early champions of American sitcom, and agrees that there has been an increase in sophistication in the American output, it is still inconceivable that an American network would carry anything as sexually outspoken as *Absolutely Fabulous*. She also asserts that US television is currently going through its worst season ever.

Yet the trend is unmistakable. While television at one extreme is dumbing down to levels of inanity previously unseen even on American screens, at the other extreme we are beginning to find a rapid increase in the production of the sort of urbane and witty material long regarded by the British as their special strength.

It is the Americans who are busiest at both extremes, so if the endlessly hyped digital multiplicity of the new millennium does become a reality, it is the American television industry which will be best placed to supply its demands. British television, meanwhile, seems to be marching backwards, away from the frontiers, into Bronte-land, all bustles, breeches and broughams.

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The magazine goes monthly

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**BOSE**



## PERSPECTIVES

## The Nature of Things

## Look who's talking in a foreign tongue

Ambiguities baffle computers, says Andrew Derrington

Computer translation is famous for generating embarrassing errors. An early system produced "The vodka is good but the meat is rotten" from the sentence "The spirit is willing but the flesh is weak", by translating it from English into Russian and back. Howlers such as this haunt modern computational linguists who use linguistic theories to design computer programs for producing and analysing language either alone or with human assistance.

One of the difficulties in computer translation, says Donia Scott, a computational linguist who is head of the Information Technology Research Institute (ITRI) at Brighton University, is that of ambiguity. "A document to be translated is a representation of information that must be expressed in the second language," Scott says. Not only can the same piece of information be expressed in many different ways in either language, frequently the same sentence can have several different meanings.

In spite of this, modern machine translation systems can be very reliable. At least one multinational computer and electronics company uses computers to translate its instruction manu-

als into foreign languages. The ambiguity problem is solved by writing the documents in controlled languages - a subset of the original language which contains no ambiguities. A sentence in a controlled language can only have one meaning so it can be translated directly into a foreign controlled language without errors.

However, producing a high quality translation remains time-consuming and costly. Companies that need to produce manuals in many languages are turning to computational linguists for new ways to reduce the time spent on translation and still achieve good quality manuals in several languages.

More problems occur when manuals need to be modified. They are particularly acute in the aircraft industry. Aircraft have huge quantities of documentation. According to Phil Marchant of British Aerospace Defence at Warton in Lancashire, the bid to produce the replacement for the Nimrod maritime patrol aircraft weighed more than 3 tonnes.

Any modifications to an aircraft make it necessary to change the manuals. Sometimes the changes must be made decades after the manuals were written.

The Canberra, still in service after more than 50 years, has undergone three modifications in the last two years, Marchant says.

Finding all the parts of the manuals that need to be changed is a huge problem which British Aerospace Defence are trying to solve with "innovation and technology", says Marchant. They recently collaborated with the French company Dassault Aviation and Edinburgh University to produce a prototype system called Ghostwriter, which enables a computer to do a large part of the work of producing and modifying manuals.

The same problem is being addressed at ITRI, who are collaborating with software companies and technical writers to produce Drafter which generates drafts of software user manuals in French and English.

Ghostwriter and Drafter consist of two main parts: a domain model, which represents all the technical information needed to service the aircraft, and a text generator, which translates the appropriate parts of the model into human language.

Different text generators are used to produce manuals in English and French. Ghostwriter and Drafter use well-established



Excess baggage: when the aircraft is modified, so must be the manuals in their many languages

techniques for representing knowledge in computers and for turning knowledge into natural language. Their novelty lies in the fact that the different language versions are produced without translation.

Systems like Ghostwriter and Drafter may not save much time in producing the first version of a manual. Expert document writers are still needed to help build the domain model. However, it is easier to keep manuals up to

date, because any change made to the domain model automatically causes changes in all the relevant manuals. New language versions can be produced easily by adding text generators.

The text generators in Ghostwriter and Drafter depend on analyses of large bodies of appropriate text to produce, among other things, a lexicon of the appropriate words and situations for their use. The same analyses can be applied to different bodies

of language, sometimes with interesting results.

Adam Kilgarriff and Roger Evans of ITRI analysed the 5m words of conversation in the British National Corpus, a collection of spoken and written English gathered in the UK in the last few years. They looked for words that men use more than women and vice versa. The recorded conversations were made by volunteers drawn equally from different age groups, from social

groupings AB, C1, C2 and DE, and from 38 areas round the UK. The men's top 10 words were grand (meaning 1,000), That's bloke, against, a fast, Da (as in Da di da), The Jesus and Engine. The women's list was: she, her, cooking, shopping, lovely, kitchen, likes, apples, thought and made. Vive la difference!

■ The author is professor of psychology at the University of Nottingham.

## Minding Your Own Business

## Playing the game of politics

Anne Counsell on a venture with a little bit of sleaze and passion

It is hard enough to plan the launch of a new business without the vagaries of politics. However, when the venture in question is a board game called Snap Election, the window of marketing opportunity comes around only once every four or five years.

Such was the difficulty facing Martin Armitage-Smith with his game. He invested £40,000 of his own money in the project, plus many weekends, evenings and hours devising, planning and producing the game. There was an ever-present danger that it would all come to nothing if prime minister John Major called an early election in the UK before the project was ready.

While political commentators could afford the luxury of speculating on the election date and punters could place a small bet on it, Armitage-Smith had much more at stake. He had put not just his time and personal savings into making the game ready before an election, but also his every hope.

And, just in time, it is ready and will be in the throes of full promotion before the general election.

Armitage-Smith has always had a keen interest in politics and for long enjoyed board games. Developing his own political board game, therefore, came quite naturally, starting as a hobby and progressing into a business venture when he realised its potential.

In many respects the development of his venture has mirrored the main components of good board games - timing, luck, strat-

egy and avoiding the banana skins.

It was on the timing front that Armitage-Smith encountered his first main problem. The board game industry works on long lead times, with manufacturers planning well over two years ahead for a Christmas launch, the established springboard for promotion.

He began working on the project in October 1995. By normal schedules for board game launches, this would have made it ready just in time for the Christmas 1997

market - seven or eight months after the general election and its ideal launch date.

Armitage-Smith, therefore, decided to kick-start the process himself. Going it alone, however, meant drawing on his own savings, rather than gaining investment from manufacturers, and relying on the goodwill of family and friends to help devise the basis of the game.

Shortly after embarking on the venture, he experienced his first stroke of luck - he came across an article in the Weekend FT's Minding Your Own Business column about Drumood Park, a company manufacturing board games. This was the contact he needed - he had

the idea and Drumood Park had the manufacturing facilities and experience to make it a reality.

Armitage-Smith also utilised the talents of a friend, Tim O'Riely, a PhD graduate in fine and graphic arts, to help design the board while he himself worked out the complications and logistics of the game. The result is a fast-moving game. Pace is maintained by layers of complexity and hazards: the political wilderness, banana skins, sleaze, political time-bombs and, at the centre of it all, the media circus.

Snap Election also has a subliminal message - the brightest colour in the policy circles is that of the media circus, making a subtle statement that getting the right messages across is more important than sound policy.

Armitage-Smith says his main idea was to give the voting public a chance to be more than yawning observers, sifting through the newspapers and gazing at the television, throughout the general election campaign - players of his game could turn themselves into would-be MPs who have to garner votes from the board, which represents a constituency.

Snap Election, he says, offers voters the chance to become protagonists in the electoral procedure. But you have to take your chances, just like the real thing and sometimes the players have to face the option to take a sleaze card, which forces them to choose between the moral high ground or playing dirty.

Sleaze is a key feature of

the board game and it also became the thrust behind Armitage-Smith's marketing strategy. With a stall booked at the International Toy Fair held in London last month, Armitage-Smith came up with a ploy to catch retailers' attention - he and several others wore displayed, bright pink "sleaze slogan" T-shirts based on the cards in the game. It worked. Several agreements with selected retailers are in negotiation and he has agreed a marketing and distribution deal with Politi-co's, a political book store, memorabilia outlet and coffee shop in London.

The interest generated at the toy fair enabled Armitage-Smith to increase his initial print run of the game from 1,250 to 2,000 units. However, due to development and start-up costs, the venture is still running at a loss.

If there is sufficient interest to warrant a second print run, Snap Election may start to break even in the summer, with the potential for generating profit in the traditional board game season at Christmas.

Convinced of the durability of the game, Armitage-Smith is thinking of adapting the game for Germany - the world's biggest board game market - and possibly the US. "The combinations are the hard work, and that's all done," he says.

"The detail is in the cards, so it could be adapted for different markets."

■ Martin Armitage-Smith, Prouler Productions Ltd, London, telephone/fax: 0171-402 8083.

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Taking chances on the board: Martin Armitage-Smith has invested a lot of time and money in Snap Election

Colin Bevis

## Gardening / Robin Lane Fox

## A holy trinity of spring chores

Spring flowers are late this year but spring gardeners cannot afford to be late, too. Much is written about planting and designing new gardens, playing around with the colours of flowers and pruning. Less is written about how to control the garden once you have laid it out or bought it. And none of us wants to be prisoner to the ground, however much we enjoy it.

The next five weeks are critical in the management of a garden which is slightly too big for me. At least I know this hard experience from first-hand combat. There are dozens of jobs which could be done, including the spiking of all the lawns; a respected Oxford head gardener tells me each February that he is achieving effective penetration, but the students continue to run all over his penetrated fields. Meanwhile, I leave my own mediocre lawn as a last priority and turn to three fundamental jobs before the grass has to be cut.

The first has been trans-

formed by improvements in the chemicals on offer to amateur gardeners. It is now possible to fertilise the garden in one scatter, leaving the chemicals to release slowly throughout the forthcoming season. The older fertilisers are not entirely redundant, but I have gone over to the slow-release varieties which nurserymen have been using quietly for some years. In large pots and containers, I opt for Osmocote, which can be hard to find. On the main flowerbeds, I use Vitax Q4 which is on more general release and is well proven.

If in doubt, go to your nearest agricultural store and general supplier. Mine is offering 25kg bags of Vitax at £26 each, four times its price for good old Growmore, but worth the investment as it will continue to release

itself throughout the main growing season and is sufficient to feed the border without being used up in one rush.

There is no magic to its application. The surface of the flowerbeds should be thoroughly free of perennial weeds, as you do not wish to over-activate them too. Beds need to be lightly pricked over during the next few weeks with the tips of your fork. When they are clean, apply the Vitax and hope for a wet spring and summer which will encourage its proper action.

Options vary, but I prefer to have the Vitax on first by the third week in March and then to place a mulch on top of it when the spring rains have worked down into the soil and left moisture worth keeping in the bed beneath the mulch's protective blan-



ket. Mulching is the great short-cut, but it needs management and not too shy an attitude to the bills.

The aim is to blanket a bare flowerbed with a layer of weed-free, rotted material which worms and bacteria will break down further and draw into the soil so as to improve it.

Meanwhile, the mulch helps to keep a clean border in a clean state. It makes

weeding easier as you can uproot or hoe the next crop of seedlings in its light, spongy blanket without digging deep into difficult soil. If you can do it, it is a god-send.

Perhaps, like me, you have up to 2 acres and no regular gardener. You probably fail to make enough weed-free compost to cover your long borders. You have to buy it in and distribute it and unless you live in an urban, small rat-run, you have to set aside time and money for the job.

I have taken to using the rotted bark and shredded prunings which pile up from a local tree-surgeon. He will deliver a garden truck-load for £50 and I am up-grading to two truck-loads a year.

There is a widespread belief that mulch has to be manure or chopped bark

bought in bags from a local store. In fact, there are many possibilities: used mushroom compost is a favourite, but the bedding from deep-litter chickens is even better, as it is very rich in food.

Decomposed sludge and green waste is also a good option. The best way to attack this problem is to search the local Yellow Pages, ringing mushroom farms, chicken farms, green waste managers and forestry yards within convenient reach.

At this time of year, the villain to avoid is farm manure. You are highly unlikely to be offered fully rotted manure which is not teeming with weeds and grass-seed. Farmers will say that their manure is rotted, but it is almost certain to be still thick with straw.

Price out a mulch against

the cost of a gardener or the personal cost of weekends of imprisonment to ever-spreading weeds. It really is a crucial investment, but I have too much garden to do all of it each year. I move in rotation, every other season.

When you apply it, be sure to include my third, crucial job. Recently planted trees should now be cleared of encroaching grass, weeds and jungle for a diameter of at least 4ft around the trunk. Lightly fork the surface of the soil and then pile on a deep mulch of 6in or more. On flowerbeds, 3in is as much of a depth as you can afford or apply without without swamping smaller plants.

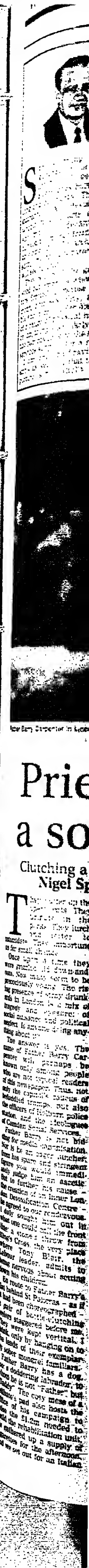
Round trees, you can be more generous because you want to keep in the rain which has now fallen and minimise water loss if we

have another dry season.

When the mulch is on, the final coup is to apply a weed-killing based on Simazine which inhibits the germination of subsequent weeds. It is hard to use these chemicals accurately in a fully planted border, but it is easy to exploit them round trees or shrubs which are in their second or subsequent year. The slow-release fertiliser feeds the root underneath the mulch keeps in the dampness and eventually helps the soil, the light spraying of Simazine prevents surface weed, but it must be applied when the ground is wet.

Only then will it work in and round off the least described trilogy of garden activities which make the difference between a summer of ceaseless struggle and one which is almost within sight of dominance over the ground.

Round trees, you can be more generous because you want to keep in the rain which has now fallen and minimise water loss if we





## PERSPECTIVES



Joe Rogaly

## From natural selection to artificial

Being born will become like getting into an elite university: you will have to be rated triple-A cum laude

Stop worrying. The next generation, or the one after, will be perfect. Every baby born will live long and die happy. This can be guaranteed. Any deviation, any wobble in the charts, and he or she may be decanted, not allowed to emerge from test-tube or womb. Beatific archangels in shiny nylon laboratory gloves will see to that.

They will read the genes, and weed out embryos whose predictors foretell a morose temperament, homosexuality, a miserable end from a killer disease, one of a range of physical handicaps, or anything else likely to send the parents back to the antenatal services supplier for a refund.

I am only half-raving. You know as well as I that the above picture is not wholly fanciful.

We read last Sunday of how James Watson, who with Francis Crick discovered the human genetic code, has intimated that abortions might be permissible if it could be demonstrated that the fetus was genetically likely to be homosexual. Before gay readers protest that this is not possible, let me confess that I do not know. The mapping of DNA is the basis of the Human Genome Project, an exciting international endeavour to delineate the 200,000 or so genes in our bodies. The knowledge thus being accumulated is a future resource. Like the atom, it could blow us apart.

Insurance companies will continue to discriminate on the basis of genetic risk, although this week the Association of British Insurers said its 440 members

would not use test results for the next two years. It was careful to specify the limits of its self-imposed moratorium.

As genetic information becomes widely available, discrimination against carriers of adverse predictors is sure to increase. Employment, housing, medical care, eligibility for marriage, every area of life is likely to be affected. The choice facing prospective parents is easy to imagine. Being born will become like getting into an elite university: you will have to be rated triple-A cum laude. Man will have been bred into superman.

Some of us shudder, protest that such a future would be inhuman. Possibly so, but it is helpful to ask why. We have a folk-memory of the eugenics movement with which the pres-

ent century began. It was postulated that knowledge of genetics could improve the human stock. The leaders of the Third Reich promoted this theory, with grisly results. Master-race strategies are still taboo.

So we are encouraged to focus on the benevolent potential of genetic science. It may be that individuals inherit a predisposition to heart disease, stress, AIDS, cancer... the list grows longer. Perhaps patients who are thus diagnosed can be treated earlier, or with better drugs, or with advice on risk-avoidance strategies. So far, so good. The next item leaves me queasy. Prospective parents will be better able to decide whether to complete a pregnancy.

You see what I mean? Natural selection, which makes such

choices with ruthless efficiency, is to be enhanced by artificial selection, Darwin squared. We may be squishy computers, our souls reduced to a web of double helix patterns, but we are learning how best to replicate ourselves. The Nazis would have goose-stepped us directly to Hell. We are whistling as we tiptoe down the path of good intentions, destination unpredictable.

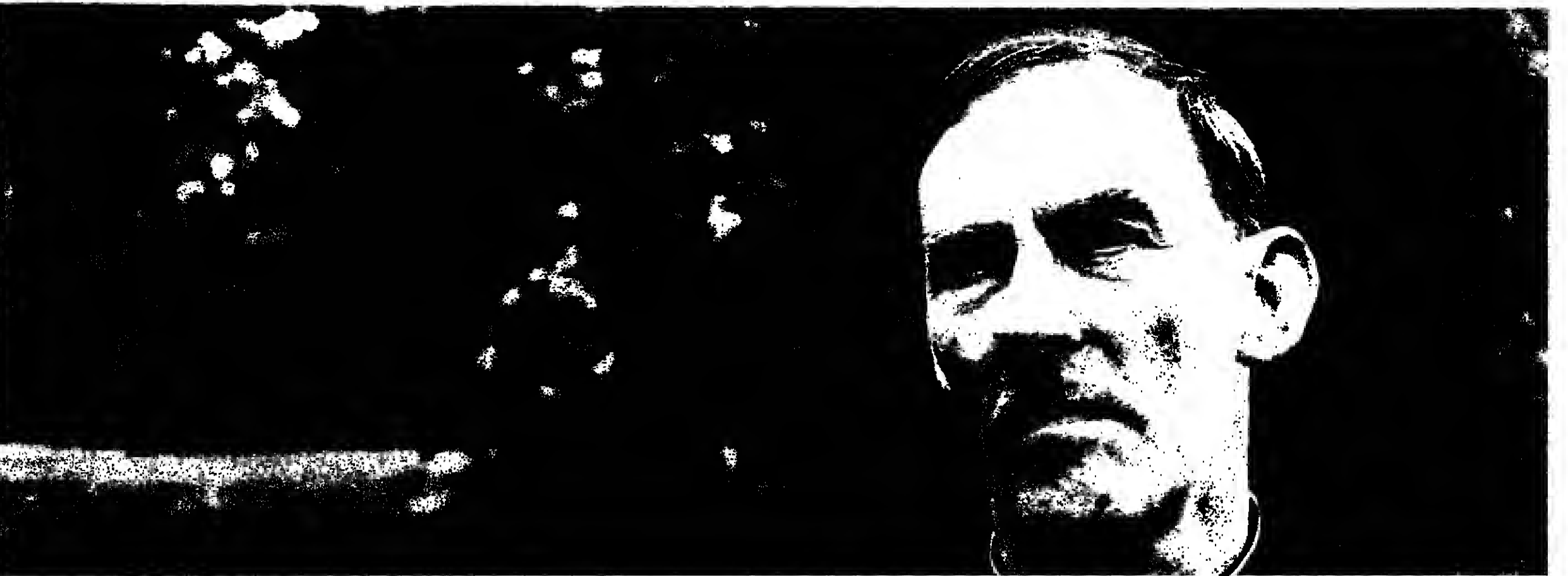
Good folk everywhere would like to know more about where we are likely to end up. On Thursday the Nuffield Council on Bioethics asked for our views to be sent to its working party on "Mental disorders and genetic: the ethical context". You can reach them at 26 Bedford Square, London WC1B 3EG, England.

The Nuffield inquiry starts with the proposition that the

search is on for genes that contribute to schizophrenia, depression, and other mental illnesses. It poses just about every question, including, "might individuals attempt to obtain compensation from their parents for allowing them to be born...?" You cannot sue for being unborn. We know that abortions are carried out for many reasons. Chinese female infanticide predates modern genetics.

Even when armed with what gene research might tell us, we may be little the wiser. "Mental disorders... are usually of adult onset," the Nuffield committee says. Such illnesses are potentially treatable and do not necessarily shorten life. Is there a risk that parents may be held responsible for giving birth to children who may develop mental disorders?

There is much agony in this. The British Journal of Psychiatry observed last year that the genetics of schizophrenia will probably be unravelled by the end of the decade. The peak incidence for the affliction is in the late teens and early twenties. If a propensity to such a mental disorder is spotted in the early teens, treatment can be tailored accordingly. That is helpful genetics. When the information relates to the yet-to-be born doctors might well step aside. The prospective parents must take the decision. A priest, a mullah or a rabbi might help, but not everyone asks for such advice. So much for the wonders of modern science. The more we are told about the human condition, the less we understand. That is the flaw in our perfect future.



Father Barry Carpenter in Lincoln's Inn Fields: 'I have problems with evangelicals who come every so often and dish out soup to the sound of guitars and choruses'

Lunch with the FT

## Priest in charge of a sobering mission

Clutching a supply of cigarettes, Father Barry Carpenter tells Nigel Spivey of his plans to dry out London's drunks

They clutter up the opera exits. They urinate in the parks. They lurch and loiter to intimidate. They importune for small change.

Once upon a time they were grizzled old down-and-outs. Now many seem to be recalcitrant young. The rising presence of stray drunks in London is a mix of ragged and eyesore; of social nuisance and political neglect. Is anyone doing anything about it?

The answer is yes. The name of Father Barry Carpenter will perhaps be known only among people who are not typical readers of this newspaper. Thus, not only the capital's caucus of euffled tramps, but also the officers of Holborn police station, and the ideologues of Camden Social Services.

Father Barry is not biding for media canonisation. For he is an eager luncher; from his spare and stringent figure you would immediately judge him an ascetic. But to further his cause - the creation of an Inner London Detoxification Centre - a agreed to our rendezvous, duly sought him out in that one could call the front of a stone's throw from the Grosvenor, the very place where Tony Blair, the Labour leader, admits to being nervous about setting own his children.

En route to Father Barry's at behind St Pancras - as if had been choreographed - a pair of bottle-clutching salesmen staggered before me. They were kept vertical, I think, only by hanging on to the leads of their exemplarily sober mongrel familiars.

Father Barry has a dog, a doddering Labrador, to whom he is not "Father" but "Daddy". The cozy mess of a sabbath's pad also hosts the office of his campaign to raise the £1.2m needed to build the rehabilitation unit. He gathered up a supply of cigarettes for the afternoon, and we set out for an Italian

place down the road. "Very nice, I think," said Father Barry. "Probably too smart for me to smoke in. D'you mind if we walk slowly, so I can get one in now?"

Leisurely progress down the street gave one full opportunity to take in its decrepitude. Barricaded liquor-stores, porn outlets; and a dubious massage parlour. "There's talk of gentrification of all this area," said my clerical chaperon.

Trains arriving from the Continent at a new terminal and all that. Can't have new visitors walking straight into the arms of the pimps and the pushers.

**"The police know as well as I do that these people need treatment, not locking in a cell"**

"Though all that means now," he sighed, "is moving the dross elsewhere."

Given the locality, I suppose the Italian place was smart enough. "We're in for a treat," said Father Barry. I doubted him; any restaurant that starts you off with a slightly stale white bun and a lossage of individually wrapped butter promises doom. But at least the prices would not wound our conscience. I indulged in a glass of tepid house bianco.

"Ever been attacked?" I began.

"Just the once," replied Father Barry. "With a Stanley knife. Never happened again. There was such terrible retribution."

Good Lord - divine?

"The others, you see, rounded on this outter who came at me. Gave him a dreadful hiding. There's

respect out there for what I'm doing. Of course, I often walk into ugly situations. I simply say: 'Now, now, you know I don't like violence' - and that's the end of it."

His moment of conversion to the assistance of homeless alcoholics came in 1990, walking past Lincoln's Inn Fields. Here a nocturnal population of 200 or so would booze to stupefaction, and sometimes death.

The sight (and smell, he adds) of it prompted an immediate solicitation of Cardinal Hume, the leader of Roman Catholics in England, who delegated him to take on this special mission. But "mission" is inaccurate. Mindful of the accusations of covert proselytising levelled at Mother Teresa in Calcutta, I asked Father Barry how far he sought to deliver the word.

"Not at all. Not a bit. That's not what's wanted here. I have problems with evangelicals who come every so often and dish out soup to the sound of guitars and choruses. It isn't a field of recruitment. And you would lose all respect if you treated it so."

But is it right for the Church to pick up this problem?

"Why not? Historically this is our role. The politicians won't really engage with it - I'm wise to them now, and see that it's just one of their footballs - and the police can't really engage."

He lowered his voice over the pasta. "Now," he said, "the Camden leffies won't like to hear this. And I know there have been one or two horror stories. But I've seen a lot of gentle and considerate treatment from the police."

"Time was when local residents would complain about street drinkers, and the police would bundle the offenders into a van, drive them 40 miles away, and simply turf them out. They don't do that any more. And

they know as well as I do that these people need treatment, not locking in a cell overnight."

Will we ever get to the cause of it, though? Will we have these drop-outs with us always?

We had arrived late at this restaurant. Not originally crowded, it now hosted only ourselves. The two waitresses sat down at another table to discuss their sex lives. Father Barry looked around, and asked for grace to smoke. Do, I said.

"Of course homelessness is a direct cause. How would you try to keep warm on a cold night with no roof over your head? Drink feels like insulation, even if it isn't. And there are economic factors, too."

"I saw the recession arriving in Lincoln's Inn Fields: people who had casual work in restaurants and so on being laid off, and then dipping into this spiral of despair. But many of these people have brains, and moments of clarity. They only need to cut their dependence on drink to get back into a decent life."

"That's why I want this detoxification centre built. There's got to be something instead of moving the problem around - which is all that this so-called 'zero tolerance' does. A society which doesn't look after its weakest members - which prefers to let them die - is rather sick, isn't it?"

With a quiver to his hands, and parched cheeks drawing on his cigarette, I wondered if Father Barry had not been too long in the line of inner-city duty. Did he hanker after some quiet rural parish in Hertfordshire?

"One day," he smiled. "But I'd give myself a right rollicking if I didn't get this finished first."

**The appeal for the Inner London Detoxification Centre can be contacted on 0171-388 5232.**

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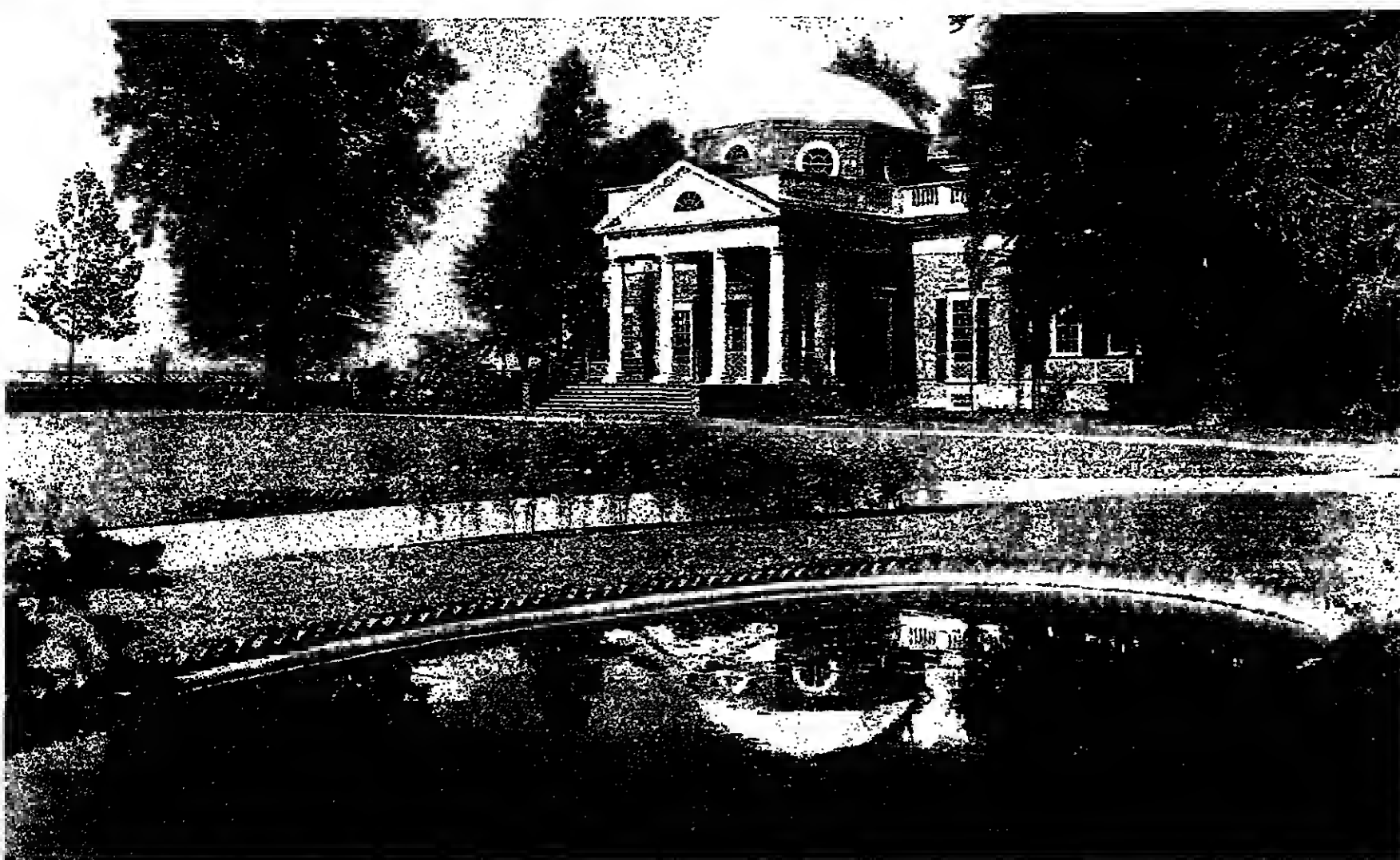
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PERSPECTIVES



Simple, classical, rational: Monticello, the house featured on the back of the nickel

# The president gardener

Justin Cartwright says you can learn a lot about Thomas Jefferson from his house and garden

**F**ounding Father Thomas Jefferson lived so full a life that he continues to exert a powerful influence on the American psyche.

What seems to be lost from patriotic view, however, is that he was an American version of the enlightened English 18th century gentleman. He helped to draft the Declaration of Independence, became the third president of the US, from 1801-1809, and tried to bring an end to slavery. But being a slave owner himself and a supporter of the French Revolution, his democratic and multi-cultural credentials have come in for particular scrutiny.

In search of the real Jefferson, I visited Monticello, in Albemarle County, Virginia, the great house he built on a mountain top over a period of 60 years. You can tell a lot from a man's garden.

Jefferson applied his energies to his garden and house with an enthusiasm that was not matched in his political career. Monticello is his *chef d'oeuvre* which expressed his love of invention, classical form, landscape, rationality, good company, books, wine, horticulture — the life well considered and applied.

The west face of the house is featured on the back of the five cent piece, the nickel. And this view set off by a giant oval-shaped lawn, with its huge trees, some planted by Jefferson himself, is a picture of the kind of America that Jefferson envisaged: simple, classical, rational and free of monkish superstition and ignorance. This is still the sort of America that many Americans long for. Monticello is small compared to a grand English country house, and it has a rather endearingly homespun feel.

From the west lawn you do not see that there is a tunnel under the house which was used by the slaves. (At one time Jefferson had nearly 200.) It links the underground stables, kitchens and slave quarters, without disturbing the beauty of the hill-top site.

While Jefferson and his Virgin-



Thomas Jefferson chairing the committee that drafted the Declaration of Independence



G.W. Pease's portrait of Jefferson: a slave owner opposed to slavery

ian chums sat under the trees discussing science, architecture, horticulture and their annual race to produce English peas, the slaves were underground, fetching the wine, preparing meals, bringing in fruit from the orchards, and even, it is said, bearing his children.

There is not a single reference to Monticello in the index of *The Long Affair*, a book by Conor Cruise O'Brien, the Irish writer and politician. O'Brien contends that Jefferson is not a suitable hero for contemporary America because he was a slave owner, an advocate of the deportation of freed slaves, and an admirer of revolutionary violence ("the tree of liberty must be refreshed from time to time with the blood of patriots and tyrants. It is its natural manure").

How easy to sneer at Jefferson's hypocrisy. How easy to see the contradictions from the vantage point of the multi-cultural world. How easy to read into this a distortion of the political process, or a disregard of the exalted principles of the Declaration of Independence or the self-seeking of a land-owning cabal.

Jefferson did not place his political career very high on his CV. In the inscription on his tomb in the grounds of Monticello, there is no mention of his

presidency, but there is a reference to his drafting of the Declaration of Independence and a pat on his own back for the University of Virginia, which he founded and designed.

You can glimpse his handsome cupola from Jefferson's walkways, and you cannot but see the connection he made between landscape and rationalism.

America was a young, vibrant country in the 18th century; Jefferson wanted it to grow up as an example to the world, drawing the best from the old world, but avoiding its pitfalls. His stay in France as the revolution was gaining ground and his reading of English political philosophy had shaped his views.

He saw slavery as an affront to rational principles, an unfortunate legacy from the old world, and a blot on the escutcheon of the new. His concern, I think, was primarily for the effects on his own people of slave holding and the likelihood of racial conflict.

**I** spent two days with William Bieswanger, director of restoration at Monticello, and Peter Hatch, director of the gardens.

Bieswanger has been at Monticello since 1975, when he started as a research assistant and there

is almost nothing he does not know about Jefferson the architect and man of science.

He is an architect, trained at the University of Virginia, and using Jefferson's notes and plans, aided by archaeological studies, has rebuilt the pavilion which looks east over the forest, and has drawn up the plans for most of the restoration of the grounds.

Hatch started work two years later, as superintendent of grounds, the first professional horticulturalist to be employed there. Hatch has studied Jefferson's Garden Book, his letters, and his Account Book which recorded his every transaction. Hatch now presides over a large substantial team of gardeners and students.

Drawing on all these sources, he and Bieswanger are trying to put Jefferson's plans into effect, sometimes without being certain if Jefferson actually achieved them. It seems Jefferson had too many ideas, and was often unsuccessful in implementing them.

The gardens, which Jefferson loved and where he grew hundreds of varieties of flowers, fruits, vines and trees, were in a constant state of change, blighted by the humid weather, thwarted by unsuitable plantings, and disrupted by Jefferson's restless

experimentation.

What Jefferson was trying to do, as Bieswanger and Hatch have shown, was to create a *ferme botanique*, a working but aesthetically pleasing farm, by "interspersing the articles of husbandry with the attributes of a garden".

In 1807, as his presidency was half way through its second term, Jefferson began planning a great burst of planting and landscaping. His letters show that he longed to get back to the soil. He wrote: "No occupation is so delightful to me as the culture of the earth, and no culture comparable to that of the garden."

Hatch is an expert on old plant types and has conducted extensive, and obviously enjoyable, researches into the plants Jefferson was able to obtain.

In his ramshackle office hangs an extract from the "American Gardener's Calendar" by Jefferson's favourite nurseryman, Barzillai Mahan of Philadelphia.

McMahon sent Jefferson thousands of plants, particularly newly imported or discovered varieties. Jefferson recorded his trials of lettuce, artichoke and red celery diligently.

Hatch has probably surpassed Jefferson in his recreation of the spectacular vegetable garden on a terrace, and he has managed to recreate the north-east and south-west vineyards using a form of espalier which Jefferson advocated.

Hatch's wine vintage has had a mixed reception, but his vines are at least surviving with the aid of modern techniques. Jefferson failed utterly in his stated objective "of making at home a good wine".

William Jefferson Clinton recently confused the Declaration of Independence with the Constitution, demonstrating that the red, white and blue fog, which has for so long enveloped the Founding Fathers, is still dense. When it lifts, it seems to be a surprise to many to find that they were human. None more so than Thomas Jefferson. Monticello is his testament as much as the Declaration of Independence.

## Truth of the Matter Branded as 'wicked'

Hugh Dickinson argues that youngsters are getting rough justice

**T**he springs of human motivation are deep and mysterious. In a single person there are clear streams of candour and transparent honesty flowing into the central well of personality from one side; from the other, dark and sinister gouts of black mud. I am a believer on Mondays, Wednesdays and Fridays. On Tuesdays, Thursdays and Saturdays I am a sceptic. For me, Sundays just tip the balance.

What tips the balance for the settled character of a person in adult life, so that we say of them they are wicked or good? Most of us are morally ambiguous, holding on by an eyelash.

So we are much concerned with bad behaviour in children and young people, behaviour which in some instances is so bad that we say they are simply evil. The two boys who killed James Bulger in Britain are a case in point and it is one that returns to haunt me often, most recently after a television programme on young offenders.

The circumstances of the Bulger case were horrific and the details of the abuse to which that pathetic child was subjected was nauseating. What were the springs of motivation which could propel two small boys to such a deed? Surely we need to know.

The English judicial process is lamentably crude where children are concerned. All the court could ask was whether they knew that what they were doing was wrong. It is as if we were saying we can label them as evil by this narrow and artificial test and then lock them up for ever. Of course they knew it was wrong. But not what kind of wrong. Children's moral discernment is unformed at 10. They cannot be judged by the same standards as adults; if they can then why do we not have them serving on juries?

Children and adolescents are swept by tides of uncontrollable feelings. Sometimes they do not fully understand the consequences or even the reality of their actions, let alone their causes. By the time they are adults they should know better. Even in adults extreme provocation is taken as a mitigating circumstance.

The shameful thing is that there was no attempt to find out why they did it. That opens a can of worms we would much rather keep tightly shut. Subsequently, we have discovered in the cases of both boys a terrible history of family trauma and abuse going back at least two generations. One boy, it appears, has a diagnosed psycho-pathology. It is astonishing that the other has not when his early childhood is exposed. At school, both were showing all the symptoms of deeply disturbed family pathologies. If anyone is to blame, surely the parents and their parents carry more responsibility than these distorted children?

The UK is the only country in Europe where none of that illuminating background is allowed in court. The fascinating *Time* magazine programme I saw the other evening, about the therapeutic school at Peper Harrow in

Surrey, throws a revealing spotlight on to this agonising question of why young people behave so wickedly. The programme was a follow-up to a film made in 1974 which showed the intensely challenging but profoundly caring process by which the adult staff forced the young malefactors to explore and confront the springs of their own dysfunctional and often violent behaviour.

Often that meant going back to explore the abuse and lovelessness of their childhood in violent and dysfunctional families. What made the programme so memorable was that the earlier film was intercut with recent interviews with six of those adolescents, five of whom are now middle-aged men leading stable and useful lives. One of them is deputy director of a similar school for young criminals; three have families in which the cycle of violence seems genuinely to have been broken.

Looking at his own child swinging on a gate one man said quite simply: "They showed me how to love." All five looked back to their time at Peper Harrow as the turning point in lives which otherwise were heading for disaster. It wasn't an easy option.

Many of those criminal young people had done pretty dreadful things. They knew what they were doing, and that it was

### What springs of motivation could propel two small boys to such a deed?

wrong. Even after arriving at the school most of them went on misbehaving for a year or two. A few were judged to be unreformable and had to leave. Some learned other ways of behaving but slipped back into their old, bad ways when released into their old environment. But none was labelled wicked or evil. In every case, a close scrutiny of their history sought out the why of their behaviour. In most cases, deep wounds are exposed. Beneath the wounds and the violent symptoms of trauma, the staff almost always discovered a child who hated himself and wanted to be loved and to learn to love. Not always. One of the six has constantly re-offended. Some children are buried so deep beneath their wounds or their pathology that we haven't the resources, skill or time to reach them. Their behaviour continues to be evil and destructive to themselves and others.

For the rest of us they serve as a focus on to which we can project the dark ambiguities which we hold and fear within ourselves. How else can we explain the frenzied hatred poured out on two small boys by so many adults and the irrational process of their trial and punishment? We would rather not ask the why questions. So we close down places like Peper Harrow, and one small candle of hope for young criminals is blown out.

## Dispatches

# Renaissance echo in Roman saga

Jennifer Grego gives an example of why Italy's architects prefer to take their talents abroad

**G**enese architect Renzo Piano, one of Italy's best-known exports, modestly refuses to be drawn on a direct comparison with his 15th century compatriot, Brunelleschi.

But Piano's struggle to convince the Rome authorities that his acoustically sophisticated concert hall will stand up to echo Brunelleschi's to perauade the reluctant Florentines that his dome would not collapse.

One thing is certain, claims Piano: Brunelleschi's revolutionary Roman-vaulted wooden structure for the dome of Santa Maria del Fiore would never be approved in modern Italy.

The new auditorium, on concert hall, to be designed by Piano for a run-down site in north-west Rome, looked like being a project as exciting as Brunelleschi's. It had been hailed in February last year as the symbol of Italy's urban renaissance.

The concert hall was to mark the sloughing off of the last traces of the ugly *Tangentopoli* (Bribeville) scandal, which had paralysed the construction industry. It was to be a test case for architectural competence getting its just reward after more than a decade in which the profession was more concerned with pleasing politicians and construction companies than good professional practice.

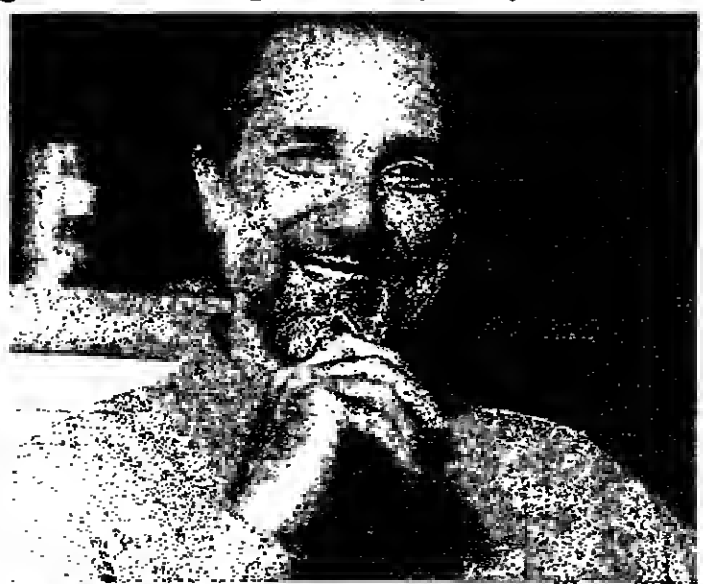
No one can fail to notice just

how many of the best talents of a country which invented architecture (in classical times) and reinvented it with Alberti in the 15th century, have preferred to work abroad. Piano, author of more than 40 key public buildings around the world, is a prime example.

The Auditorium Saga, as it has come to be known, started in September 1994 when Piano's design for a concert hall for the city was chosen from those provided by a small invited group of international competitors.

Rome has managed without a decent-sized concert hall for more than 60 years, ever since the old Augusteo was destroyed in 1936 as part of Mussolini's efforts to modernise the city. Its resident symphony orchestra, the Santa Cecilia, has since had to make do with rented "temporary" premises in Vatican City.

Officially commissioned by the city council in November 1994, the completed project was submitted to the controlling body, the Consiglio Superiore at the public works ministry, for



Renzo Piano: flatly refused to alter his project

approval. Piano provided 3,000 drawings and 60 pages of explanation of his complex design involving three separate halls: a 2,700-seat one for symphony concerts; another seating 1,200 for

chamber and contemporary music; and a smaller building for experimental music and a large open-air performance space. It would cost £213bn (£79.09m).

One of the most compelling fea-

tures was to be the three curving, scarab-shaped roofs made of "laminated" wood (*legno lamellare*), designed in close collaboration with Helmut Muller, the German acoustics expert. Minor modifications were required and Piano obliged.

Then, in November 1995, as tractors began ploughing up the muddy site to lay foundations, the remains of an important villa complex dating back to the 7th to 6th century BC came to light.

The problem of dealing with archaeology is common in Rome, but often leads to hold-ups of months. If not years. In this case, the matter was resolved in just eight weeks. Piano himself being astonished at the co-operative attitude of the normally severe archaeology department.

He agreed to move one of his halls to allow the villa to become part of the project and, if all goes well, drinkers at the bars will be able to admire the Roman remains during the interval.

In September last year, another 3,000 working designs incorporating the villa were presented to

the works ministry body. Then, on January 26, the bombshell exploded. Wood, the Consiglio thundered, could not be used as a roofing material, as it was not listed as suitable for public buildings according to a law (No 64 and about 20 years old), under which the body operates.

It immediately toned down its remarks, turning them more into a criticism of calculations made by Piano's office, which it believed threatened the stability of the building. But its first outburst had already caused a public furor.

Piano flatly refused to alter his project and won support from other distinguished Italian architects, such as Gas Anelli and Vittorio Gregotti who, like Piano, have done most of their best work outside Italy. His anger was not surprising since he had provided 600 drawings of the roof alone 18 months previously (working under stricter but more up-to-date German rules).

As architect of buildings from the Beaubourg in Paris (with Richard Rogers) in the 1970s, to

the recently opened Kansai airport at Osaka, which withstood the disastrous 1995 earthquake without so much as a cracked window, Piano was unlikely to bow to such out-dated rules.

A neutral observer can recognise that this was more a case of over-dramatisation than of one side being clearly right or wrong. What could have been a perfectly amicable discussion ended up being conducted under a public spotlight.

As Mario Dotti, head of the architecture faculty at Rome university and a member of the Consiglio, means: "In our country, every debate becomes a row, and everything is maliciously misinterpreted to serve personal or political ambitions."

Given the determination of the city council and the architect, the auditorium will almost certainly go ahead once the fuss has died down. The mayor has his prestige staked on the building as one of the main pieces of architecture for the Jubilee year of 2000.

And the debate has been all the more acrimonious as the auditorium is the most important piece of modern architecture to be built in the city since Nerio Pizzi's *Palazzo dello Sport* — crowned for the 1960 Olympics. But it is the sort of row that scarcely angers ageing members of Italy's dispersed architectural fraternity to hurry home in search of work at their own country.

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BOOKS

# Female designs for living

Jeremy Myerson on why the building site is a battle ground for the sexes

Anyone who has followed the shabby treatment meted out to Zaha Hadid, the thwarted competition-winning architect of the Cardiff Bay Opera House, will recognise just how tough it is for women architects to succeed. Architecture remains a ridiculously male-dominated profession and the building site a battle of the sexes. This is despite growing evidence suggesting that traditional male design preoccupations with power, control, intellect, systems and the machine are inadequate to respond to our fears about the future of our cities and the fragility of our environment.

It is bad enough in Britain where only 10 per cent of registered architects are women, and the only female recipients of the RIBA Gold Medal - Ray Eames and Patricia Hopkins - were given their prestigious gongs for work in partnership with their husbands. But it is even worse in the US, as the editors of this new American anthology of feminist academic writing point out. Over there, the number of female architects is around 8 per cent, no woman has been given a nationally significant building commission, and women have little or no representation either as architectural critics or educational policy makers.

The *Sex of Architecture* sets out to redress the gender balance. Its 24 essays are drawn from women in US universities and practices who want a radical rethink of the entire philosophy of architecture. The thesis that eventually emerges says that the best answers to such diverse challenges as ageing populations, cultural diversity, ecological damage and information overload are feminist ones in which team-working, shared knowledge and ethical standpoints replace the traditionally self-

ish pursuits of the solo virtuoso (male) designer. Along the way, many received "truths" are questioned: that man builds and women inhabits; that man is connected with production and the city, and women with consumption and the home; that man is public and woman private; that nature is female and culture - "the ultimate triumph over nature" - is male. As one writer puts it, "Every one's first environment is a woman".

A resonant theme of the

**THE SEX OF ARCHITECTURE**  
edited by Diana Agrest, Patricia Conway and Leslie Kanaw Weisman  
Harry N. Abrams \$19.95, 320 pages

This is not, it must be said, a volume that clears a path through the urban jungle of cultural theory. Rather, it drops you right into that dense academic thicket populated by the likes of Derrida and Foucault with only a flimsy penknife to hack your way out. Some of the contributions have footnotes as long as the essays; others are paired for parallel dialogue in ways which sometimes confuse as much as clarify the subject under discussion.

It is also easy to dismiss some of the writing as the work of some transatlantic Paula Sparr. Less easy to dismiss are the crystallising ideas that guide this compilation and the general flavour of a political call to arms. As the book says, to design for women is to design for a different social order. If you have ever wondered what the world might have looked like if Le Corbusier, Mies van der Rohe and Frank Lloyd Wright had been women and not men, this might begin to tell you.



Sketches of Spain: schoolgirls celebrate the festival of Trujillo

# Hispanic digressions

Tom Burns enjoys a trip through Spain's rich network of hidden byways

Romantic writers rushed to Spain last century when it was a cut-price and altogether whackier grand tour. They ached about the Alhambra (Washington Irving), lusted after loose-limbed Carmens (Theophile Gautier) and fretted about falling to encounter bandits (Hans Christian Andersen). Richard Ford's *Handbook for Travellers in Spain*, elegant, erudite and accurate, was the exception to the rule.

Better writing by foreigners about the country, its people and its culture, started this century with Walter Starkie and Rose Macaulay, and continued with V.S. Pritchett and Jan Morris. The best of this literary international brigade (Spaniards called them *curiosos impertinentes* 100 years ago) was Gerald Brenan, whose curiosity about his adopted country was always fuelled by an informed and engaging empathy.

Cees Nootboom, an unconventional Dutchman, a linguist, poet and novelist, is

the hispanist that every Brenan aficionado has been waiting for. He has produced a book that will entirely satisfy those who have read everything that Don Gerardo wrote about Spain and wished he had written more. As it was with Brenan, so it is with Nootboom: Spain is "the love of a lifetime, the amazement is never ending."

**ROADS TO SANTIAGO**  
by Cees Nootboom  
Harvill Press, £18, 352 pages

Gracefully written, wry, wise, and exceptionally well illustrated, *Roads to Santiago* carries a chunky subtitle - *Detours and riddles in the land and history of Spain*. It is difficult, however, to describe better what Nootboom wants his public to share. His literary, artistic and historical digressions place his book alongside the very best in the travel writing genre.

The detours are well-worth following firstly because Spain possesses an extraordinarily rich network of hidden byways: "Beyond the Pyrenees lies an entire continent, mysterious, secluded, unknown, an ensemble of lands with their own histories, their own languages and traditions..." And secondly because there are very few travellers around like Nootboom who possess the sort of maps that show such secret paths. Locked-up churches don't defeat him; he always finds the old woman or man in the village who keeps the keys.

In a "different and yet the same life" Nootboom tells us, he went to a monastery in Achel, on the border with Belgium, kissed the abbot's ring and said he wanted to be a Trappist monk. The abbot handed him the life of Abelard - in Latin - a notepad and a pencil and said "Why don't you begin by translating this text and when you've finished it, we'll talk again."

He got as far as page 10 before he set off once more on his travels. The Achel community's loss was the intelligent reader's gain. The

failed Trappist, for example, knows bow Zuharran, "doomed by circumstances" to paint whitefriars, blackfriars and greyfriars (they were his patrons and masters) did not actually paint monks. "He painted habits. He painted material."

Nootboom's enthusiasm for riddles leads him to the hair-raising 8th century commentaries on St John's Apocalypse that were written by Visigoth clerics in the north of the country to combat heresies that were spreading further south in Mozarabic Spain. He unearths the cramped hermitages that the clerics inhabited in the Cantabrian mountains and he traces the passage of the images they conjured up from illuminated manuscripts to the capitals of monastic cloisters.

Some detours/riddles are magnificently conveyed. In Aragon he tracks down a monastery where the "two sides of the perfect Romanesque arch come together in the faintest imaginable angle, a dent so faint as to be almost invisible... an

**The Bride of Texas** belongs to the same world that Julian Green, the nonagenarian French-American novelist, writes about in his monumental family sagas of the American Civil War, *The Distant Lands* and *The Stars of the South*. Skvorecky, a Czech émigré to Canada, records the fortunes of a Union militia composed of Czechs: the Twenty-sixth Wisconsin Volunteers, which fought with Sherman's forces through Georgia and the Carolinas.

The novel holds itself together by a central thread spun from the love affairs of Lida Toupelk, "a cascade of gold setting off her cornflower eyes, serpent's eyes though they were," and of her brother Cyril who falls in love with a self-possessed, assured black woman who is nonetheless a slave.

The novel is written on the grand scale: it teems with characters, some historical, some fictitious. General Ambrose Burnside has his reputation rehabilitated, and numerous ordinary Czechs who went to America to avoid Hapsburg chaos in Europe are memorialised in Skvorecky's creations. At

one time some of these Czech refugees advocated establishing their own community in the US: "Are you kidding? A community of pure Czechs... the first thing they'd do is break into two separate communities." "Or three," said Stejskal. "Not much hope for the future EC there."

The myriad pattern of relationships and individual stories in the narrative, accompanied by every conceivable device, flashbacks, use of italics to indicate the past, the leap-frogging of indirect narration, gives *The Bride of Texas* epic proportions. Skvorecky takes as an apigraph Sterne's defense of his own writing

that his digressions are "all fair", and that although he "flies off", the "main business does not stand still" in his absence.

In Skvorecky's case affairs

**THE BRIDE OF TEXAS**  
by Josef Skvorecky  
Faber £16.99, 624 pages

**THE MISSIONARY'S WIFE**  
by Tim Jeal  
Little, Brown £13.99, 346 pages

are not so carefully "ordered": sometimes his writing is too diversionary, digressive, fragmentary, and there is a certain amount of narrative dislocation against the background of drenching South Carolina rain and blazing North Carolina turpentine forests.

Skvorecky reports the horrors of war which his characters have to endure, a negro soldier beheaded by a cannonball, General Polk cut in half by another, but Tim Jeal spares us no realistic ghastly detail of living, or rather dying, in Africa in the 1890's - massacres, murders, death by assegai thrust,

disembowelling, hullet or stinking gangrenous wound. Nor does he hide the hazards of everyday life in the veldt - maddened rogue elephants, the stinging buffalo bean plant, hookworm and barmy worm, jiggers, all reminiscent of Graham Greene's African novels.

The missionary's young wife, Clara Musson, is uprooted from her provincial English potteries town and taken to these alien surroundings of Rhodes's Africa: Clara's eventual lover, a Hussar captain, is told by her evangelical husband, "Mr Rhodes's company pays the War Office for your regiment to be here."

*The Missionary's Wife* is an exciting tale of high romance, war, adventure and the complexities of human relationships in exceptionally difficult circumstances. There are none of Sterne's digressions so much approved by Skvorecky: everything is straightforward, gripping, and chapters end on a climax. A thoroughly good story is well told in clear uncluttered style.

The novel finishes with an African equivalent of Custer's last stand, and a satisfactorily happy ending back in the old country where the missionary had originally proposed to Clara by "the sooty railings of the municipal Park" and "the gas lamps glowed like haloes in the evening fog". The 1890's atmosphere is further authenticated by Charlotte M. Yonge novels, Royal Academy exhibitions and Gunter's ices. All the necessities for a brilliantly successful screenplay lie within this text. I look forward to the film.

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# The deadliest of the species

Michael Thompson-Noel on why human males are violent

**W**e are apes, OK? Nasty, brutish apes – a type of primate – capable of horrendous violence, from rape and murder to war and genocide. I am referring to human males, whose genetic inheritance contains some element from their rainforest and woodland past that makes them the deadliest creatures to

**DEMONIC MALES: APES AND THE ORIGINS OF HUMAN VIOLENCE**  
by Richard Wrangham and Dale Peterson  
Bloomsbury £16.99, 350 pages

have arisen since the dawn of the Cenozoic era 65m years ago, when the asteroid collision that killed off the last of the dinosaurs cleared the way for radical evolutionary experimentation. Yet many people are incapable of viewing themselves as members of an animal species, often because they are victims of religious befuddlement, though pride or ideology may also be the cause. They tell themselves: humans have big brains, language, morality, culture. God created humans to be a species separate and distinct. Humans are unique. Yes, humans are unique. But so is every other species. And, for most of our time as primates, whatever was unique about the human line wasn't anything human.

Only within the last 2m years did our ancestors acquire brains large enough to count for inclusion in the genus *Homo*, write Richard Wrangham and Dale Peterson in *Demonic Males*, an excellent study of the origins of human violence. It was only around 130,000 years ago that "full" humanity was achieved with the emergence of our own subspecies, *Homo sapiens sapiens*. And it was only 35,000 years or so ago that art appeared in the form of cave paintings and bone carvings.

But prior to 2m years ago, our forebears certainly weren't human. They were basic woodland apes. Further back, between 5m and 25m years ago, they were still apes – but in the rainforest. Between 25m and 65m years ago they were something more elusive, part of a group that gave rise to both monkeys and apes. "That earlier ancestry is still only vague, its form hinted at by a few fossils and some of the primitive forms of living primates," write the authors. "But at least we know that as long as primates existed, our ancestors have always been primates."

*Demonic Males* deserves to be a best-seller. Men should buy it for women, to help women sympathise with the male affliction of testosterone, which drives men to violence. Women should buy it for men, to help men see that their inclination to rape, kill and vanquish is rooted deep in their genetic being. Perhaps such an insight



Playtime: adolescent langur monkeys chase each other round an ancient banyan tree. A characteristic primate species of India, they are among the most acrobatic, agile and social of animals. Taken from: 'A Tiger's Tale: The Indian Tiger's Struggle for Survival in the Wild', by Anup and Manoj Shah, Fountain Press, £24.95.

will help men get a grip on themselves, for human violence mainly means male violence, say Wrangham and Peterson. Wrangham is a professor of anthropology at Harvard, Peterson a university lecturer and primatologist who has already produced a memorable study of the primate world, *The Deluge and the Ark*.

There are female criminals of every stripe and spot. But as a globally consistent trend, men are far more violent than women. In the US, a man is about nine times as likely as a woman to commit murder, 78 times as likely to commit forcible rape, 10 times as likely to commit

armed robbery, and so on. So men are bad. Why?

The authors approach this question from several directions, but first they investigate the chimpanzee, man's very close relative. Until recently, wild chimpanzees were thought to lead simple lives untroubled by serious social conflict. Thirty years ago science writer Robert Ardrey claimed that chimps led an "aradical existence of primal innocence". They stood for an idyllic past "which we once believed was the paradise that man had somehow lost".

How deeply wrong. Chimpanzees kill each other and eat monkeys alive. And they

are closer relatives of humans than of gorillas. Not surprising, then, that human and chimp males both display the same features of inter-community violence – an appetite for engagement, the excited assembly of a war party, stealthy raiding, ability to estimate odds, gang-killing – as well as the same propensity for violence to individuals (primarily other males).

At the heart of *Demonic Males* is an engrossing discussion of the possible reasons why our ancestors changed from rainforest to woodland apes. The answer was almost certainly to do with food – roots, quite pos-

sibly. But change they did, and swiftly, from primitive tool-shaping, meat-eating creatures 2m years ago to agriculturists 10,000 years ago and gunpowder inventors 1,000 years ago. Yet what about our old ape brains? Did we jettison them, or is the elaborate, anxious, proud, superstitious, self-deceiving edifice of cerebral material that makes up our humanity still deeply infused with the essence of that ancient forest brain?

Orangutans and gorillas are less violent than chimps and humans. But the fifth ape species, bonobos, are positively gentle. Until 1928,

bonobos were mistakenly thought to be small chimpanzees. As it happens, they are radically different in temperament to killer chimps and humans. One of the keys to bonobo non-violence is thought to be exceptionally strong female bonding, including sexual bonding. Yet why should that make a difference? The answer, again, is thought to trace back to food. In short, relative levels of violence among present-day apes, including humans, may be explicable in terms of what their ancestors ate, and whether they had to fight ape rivals to guard its supply.

Optimists looking for a happy ending to this book will be cast down, for Wrangham and Peterson offer no great hope that human male violence can be tamed or reduced any day soon. On the other hand, they write, "if we are cursed with a demonic male temperament, we are also blessed with an intelligence that can, through the acquisition of wisdom, draw us away from the 5m-year stain of our ape past."

Funny stuff, wladom. Almost impossibly hard to acquire. Perhaps we ought to ask the bonobos to lead us towards the light. We seem to have few other options.

## A taste for all things Greek

**A**ndrew Dalby writes that "Greece is an unusual place" in *Siren Feasts*, his historical study of Greek food and foodstuffs. "Its main trade routes are maritime, and its typical markets have not been the periodic markets of most of the world but irregular, opportunistic, harbour markets."

That sums up everything, from the opening of Plato's *Republic* to *Never On Sunday*. Greek identity as well as gastronomy comes from geography, while the west owes its "development of taste to the Greek climate".

Dalby operates in the best empirical tradition, delineating an agriculture and cookery evolving from prehistoric to neolithic, classical, Roman, Byzantine and Ottoman times to now. If you want to know when the grape vine went domestic, what happened to the pea in the seventh millennium, about grain revolutions of 3500 BC or Byzantine biscuits, Dalby is your man, controlling detail with a master-chef's hand, focusing on food production plus changes in what you do with raw ingredients.

You might call Dalby old-fashioned. He does not explore what Greek imagination did with its edible

world. He sticks to the provable, thereby saying more about Greek life than many studies which float symbolic kites, only dipping into fact to substantiate pre-formed argument. His book is as fact-packed as a pomegranate with seeds: thought comes from, and does not lead, the fascinating evidence.

*Pomegranates occupy the cover of *Dinner with Persephone*, another edibility-conscious vision of Greece. This too is a book of physical detail. But here, as with the communion wafer, you pass instantly from flesh to spirit.*

Storage is an American poet and journalist. Her book, a voyage into the dreams of modern Greece, is informed by myth and literature (ancient and modern) and organised round one year in Athens. It conjures vividly the intensity and discomfort, the poignant overload of meaning inseparable, for westerners, from living in Greece.

Her mix of observation

and information is a Chinese egg whose layers of cut ivory reveal deeper worlds of filigree below. Her perceptions (favourite paterius of violence, significance of social rituals) ring true. She has a sharp, amused eye for

**SIREN FEASTS: A HISTORY OF FOOD AND GASTRONOMY IN GREECE**  
by Andrew Dalby  
Routledge £35, 320 pages

**DINNER WITH PERSEPHONE**  
by Patricia Storage  
Granta Books £17.99, 348 pages

details that spell out the Greek unconscious. Between Johnson's Baby Powder and an icon of Constantine, Greek babies lie like Greece itself, between west and east.

But there is something wrong. The writing often values the striking phrase above accuracy. There's also legerdemain in her relation-

ships: to readers, and to those she writes about. To readers, she implies she came blank to Greece; but she must have learnt a lot first. Including the language, so had views about the Greek psyche and, I bet, had met a lot of Greeks already.

As for the people: she was there at the height of Greek feelings about Macedonia, when the west was opaquely misinterpreting the Serbs ("our orthodox brethren" struggling "in the North", as I often heard Bosnia described). Both issues throb dangerously at the heart of Greek relations with the outside world. Storage does not touch the pain here, nor the deep, entrapping explanations.

Storage saw Greek nationalism at fever-pitch; but what country does not have mirror-mad dreams about past glory? If you step on another culture's dreams, you must put them in context. Most nations fall to step such dreams from festering. America and Britain

are as bad as Greece at this. Yet Storage presents Greek culture as abnormally dream-land.

One of her acquaintances associates the "Great Idea" (the 1920s expansionism as central to macho populism as empire in Britain) with a Hellenistic statue of a jockey that supposedly expresses "the eternal motion" of Greece. "I wonder if he realises the boy has long been identified by scholars as black African," Storage says.

But she can't have "wooden": of course the man won't know the scholarship, can't step outside his heritage to view it with the opulent detachment available to her. What I wish she'd done is explain why. Such near-invisible disobeisances somehow snub the gods of hospitality, who opened doors to her in Athens and are also the gods of writing, reading, and interpreting other people.

*Dinner with Persephone* is a seriously brilliant book. But I miss in it that final generosity of going over and into the other person or culture for their sake instead of your own. A giving yourself to Persephone, as well as taking something away from dinner with her.

Ruth Padel

## Either decorative or bestial lives

Feminism in Russia is still viewed as an alien, western fad, writes John O'Mahony

**W**hen Aleksandra Koblakova first unveiled her literary ambitions, the occasion was marked by a fanfare of denunciation and derision. Young women of the 19th-century Russian merchant classes were earmarked for a life of domestic servility, leavened with ignorance. And the suitor to whom she divulged her first tentative attempts at poetry had more than a vested interest in maintaining the status quo: "Woman is created not for the pen," he snorted, "but for the needle and oven prongs".

This is a message that resounds not only through the 19th-century autobiographical narratives that make up *Russia Through Women's Eyes*, but along the entire length and breadth of Russian history. Tsarist society prized only two qualities in womanhood: humility and self-sacrifice. Daily life for the fair sex, when not confined to the merely decorative, was often downright bestial: newly married peasant women were routinely deflowered in village squares, and if the groom proved unequal to the task, a substitute was nominated by the rabble.

By providing a platform for the female voice in Russian autobiography, the editors aim not only to throw light into the murky corners of female experience, but also to counter a more far-reaching injustice: the indifference of Russian literary history even to those women who successfully struggled to be heard.

In total, 11 fragments have been extracted from obscurity. In their introduction, the editors stress that the texts owe their existence to the revolutionary pressures that had been building steadily throughout the 19th century, challenging social norms and widening traditional female roles. The writers also owe a substantial debt to the "Great Reforms" of Alexander II, which prompted a burgeoning pub-

lic debate of "The Woman Question". This was as close as Russia ever came, it seems, to a grand era of progressive liberalism. Not that the women themselves noticed. The collection opens with its most pessimistic and poignant extract, a piece by a writer of gentry origin named Nadezhda Sokhanskaia, whose star rose moderately in the 1850s. On returning from the Kharkov Institute for girls in St. Petersburg to her mother's small estate in the Ukraine, she is struck by the barrenness of the physical and emotional landscape:

**RUSSIA THROUGH WOMEN'S EYES**  
edited by Toby Clyman and Judith Vowels  
Yale University Press £25, 393 pages

"To my right – steppe; to my left – steppe; staring me in the face – steppe; and beyond the steppe – steppe."

Only the apocalyptic vigour of Sokhanskaia's style offsets the underlying hopelessness of her account, a feeling that she must have shared with so many others of her sex who faced the same constraints, though silently. "The soul struggles," she concludes, "but it weakens in a futile burst of emotion. It strains feebly, like a flower in the shade, and soon wilts, its buds unopened, its feelings untapped, its strength untied. And time will pass, and soon, no matter what you do, it will be too late."

Next comes the above-mentioned Aleksandra Koblakova, who wisely dumped her unsupportive suitor and, after a monumental effort spanning decades, managed to get her tale of merchant life published. It was instantly successful. "I wrote *The Podoshoin Family* to serve the class from which I came," she notes, "I wanted to describe the consequences

of a despotic and senseless upbringing that unfortunately defeats even the best of intentions."

Surprisingly, the most gripping autobiographies come not from writers, but from women who attended the St. Petersburg Medical Surgical academy, which ran pioneering courses for female doctors from 1873-1887. In "House Calls: A Day in the Practice of a Duma Woman Doctor in St. Petersburg," Ekaterina Slanskaya describes the unbelievable squalor of the city's slums where the vast majority of the population lived in ignorance, superstition and filth: "As the woman lifts the curtain and begins to unsaddle the child," writes Slanskaya of one visit, "I see blackish dots jumping on the dirty diapers, the pillow, the little shirt, and the child's tiny, bare legs and arms. I look closer and see that they are bedbugs... Everything, absolutely everything, is crawling with bedbugs."

"The quality of the material varies as widely as the objectives of the authors, some of whom wrote only for their immediate family. Social restrictions are reflected in the repetitiveness and uniformity of the subject matter, particularly in the case of the aristocratic women whose leaden accounts dwell on favourite pinnies and French lessons. This isn't helped by a rather dusty, scholarly introduction. But these flaws are eclipsed by the emotional power evident in many of the autobiographies and the occasional flashes of brilliance. And even though these texts have lain dormant for so long, the vivid, damning portrait of the society that emerges has lost none of its relevance. Contemporary Russia is still the same trapped, aggressive patriarchy, a place where feminism is viewed as an alien, western fad. Despite the upheavals and revolutions of a century, through the prism of female experience, everything looks appallingly the same."

## Covert dirty deeds

**R**upert Allason, Conservative MP for Torbay, has proved something of a maverick in the House of Commons. When not writing or relaxing in his house in Bermuda, he can keep us all guessing right up to the line as to whether or not he will defy his party's whip and vote according to his own idiosyncratic conscience.

Writing under the pseudonym Nigel West, he has a more consistent track record, the author of several competent histories of Britain's intelligence organisations which have a tendency to provoke newspaper headlines.

With *The Secret War for the Falklands*, West once again shows his ability to

master the jargon and distorted information of spookery. And just when you thought you'd seen the last of a long list of books published on that conflict which briefly shook the world, here comes West laying claim to breaking new ground with the first detailed account of undercover operations, both brilliant and disastrous.

Perhaps the book would have been more aptly titled "The Dirty War". In the 1970s and early 1980s, Britain and the US had been quite happy to turn a convenient blind eye to the nature of a military regime that, while declaring itself pro-western,

tortured and murdered thousands of its own citizens. Forget about human rights violations: the junta in Argentina was anti-communist, and liked the kit that western defence companies could provide.

**THE SECRET WAR FOR THE FALKLANDS**  
by Nigel West  
Little, Brown £17.50, 266 pages

For all their sophisticated gadgetry and capacity for geopolitical analysis, most western diplomats and intelligence officers were lulled into a false state of complacency. The simple point was missed that a regime which treats its own citizens like dirt can easily slip into the self-delusion of territorial omnipotence. Western intelligence pitifully failed to anticipate the junta's decision to invade the Falklands on April 2 1982.

Of course once the invasion had taken place, Argentina could no longer count on its old allies. By temporarily humiliating a NATO member, it had to be taught a lesson: the junta's military defeat by whatever means was a geopolitical necessity.

There is much betrayal and duplicity recorded here, stories within stories, that leave one with a distinctly uneasy taste in the mouth. There is, for example, the story of the British government covertly offering General Pinochet and his benchmark war planes and other weaponry in return for sharing his signals intelligence on Argentine troop movements.

Inevitably those comic strip heroes of contemporary British publishing, the SAS, feature prominently. Thanks to some good sources, West provides us with a fascinating account of these military cowboys attempting to take the Falklands War to the

Latin American mainland by blowing up Argentine aircraft at their bases.

There are stories, too, of sinister (named) Argentine intelligence officers trying to secure a few more missiles of the kind that turned HMS Sheffield into a smouldering heap, and the help provided to the British by such divergent "friends" as the French and the New Zealanders, not to mention the Americans and the Soviets. Moscow could have provided intelligence to the Argentines, but thought it not worth it.

Ultimately, non-Argentine spooks and loyal Tories should be well pleased with this book. For all the initial cock-ups, it shows they won through in the end, helping the UK military take back the islands, and Mrs Thatcher to a few more years in power.

A pity though that Nigel West is no Le Carré. When it comes to the intelligence world, the novel is so much more entertaining, and curiously, more truthful.

Jimmy Burns

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## ARTS



A love-'n'-war sprawl from British playwright-filmmaker Anthony Minghella: Kristin Scott Thomas and Ralph Fiennes in 'The English Patient'

## Frontiers tested in Berlin

War films and political thrillers are thriving in the festival's melting pot, reports Nigel Andrews

Interviewers are known to search Los Angeles in vain each February for the freshly announced Oscar nominees. "Where are they?", cries the press, beating the Bel-Air thickets. The answer is, they are mostly 7,000 miles away in Berlin.

The Golden Bear looks more like Uncle Oscar each year. In 1997 *The English Patient*, *The People vs Larry Flynt* and *Martin Scorsese's The Departed* are but three of the films warning up here for Academy honours - if "warning up" is the right phrase in a Berlin that uses sleet and rain to drive international critics into cinemas. Here they encounter that other, indoor weather system known as translation facilities. The white carpet at the bottom of each frame is the layering of subtitles. The drizzle in your ears is the simultaneous translation.

We live in an age of dissolving frontiers when every other film is multi-lingual. A clever epic like *The English Patient*, receiving its European premiere in Berlin, takes advantage of this: it is about language and nationhood. Festooned with Oscar nods, this love-'n'-war sprawl from British playwright-filmmaker Anthony Minghella has an appealing romantic madness plus a less appealing length and repetitiveness.

When we are not reminded of *Lawrence of Arabia*, by music sweeping over the wartime sand dunes where Anglo-Hungarian count Ralph Fiennes sports with married English bombshell Kristin

Scott Thomas, we are reminded, or I was, of TV's *Shipping Yarns*.

Michael Ondaatje's original novel had a poetic terseness. Minghella's \$25m adaptation adds layers of retro exoticism, from the Maughams supporting characters with their cut-glass accents to Fiennes' post-scrub make-up, which resembles an early Hollywood werewolf. (In this film crashing your plane is a ritual as regular as afternoon tiffin.)

Though sitting with two people who hated the film, I intermittently liked it. At 2% hours it is overlong and the message about the evils of nationalism is fully received after about 10 minutes. But a film that achieves popularity by even fainting at thought and a serious theme, as opposed to fainting at them like *Twister* or *Independence Day*, is rare enough to covet.

*Patient's* mixed cast, which includes French, Indian and American actors, reflects melting pot tendencies in movies worldwide. Frontier-testing war films and political thrillers thrived at Berlin. From Georgia came the tiny-budgeted but powerful *Graceland* of *Dreams*, a nightmare in black-and-white about conflict in the fragmenting ex-USSR. And in Gerardo Herrero's *Comanche Territory* three Spanish TV reporters cover the conflict in ex-Yugoslavia, where all human life is assembled in a blitzed Holiday Inn in Sarajevo. From here they rally forth to meet all human death, in the film's vivid filmed-on-site recreation of

wartime Bosnia.

Bruno Barreto's *Four Days in September* delves even more resourcefully into the lexicon of political disharmony. American ambassador Alan Arkin is kidnapped by Brazilian terrorists, whereupon the world holds its breath or dispenses it in tense monologues across the ether of international airwaves. Suspense and character are superbly built here, in an agit-thriller as intelligently exciting as any we have seen outside Costa-Gavras.

Not all, thanks be, was politics. Spain's *Secrets Of The Heart* is a plainly shot but piercingly observant drama of growing pains. A boy haunted by the forbidden mysteries around him - an empty mansion, a locked room, the love life of his estranged mother - stumbles on truths as violet and vivid as the roaring stream with its stepping-stone causeway that provides a visual emblem for the story's rite of passage. It is the only piece of stick-out symbolism: elsewhere director Montxo Armendariz puts faith in faces, voices, shadows and the subtlest half-tones of human behaviour.

As at all film festivals, you could recognise quality cinema by the relief into which it was thrown by its opposite. Elastic Bear contenders have been legion. Kevin Allen's *There's Town* would not recognise subtlety if it fell over it. A Swansea-set black comedy short on comedy,

unless you chortle at bent policemen and bearded poodles. Hong Kong-China's *The Soong Sisters* is a tritely realised epic about the siblings who married three of China's most powerful men, including Sun Yat-sen and Chiang Kai-shek. And Japan's *The Sleeping Man* is a film about, and largely for, coma victims.

From Britain David Hare's film of Wallace Shawn's *The Designated Mourner* is brave but stacy: a three-hander for monologists (Mike Nichols, Miranda Richardson, David De Keyser), who sit at a desk streaming their consciousness into word-patterns that may fascinate in the theatre, where the verbal holds licensed sway, but merely fatigue on screen.

For comparison look at the Finnish short film *Today*. Like Hare and Shawn, director Eija-Liisa Ahtila eschews linearity for a disjunctive mosaic of sounds and images. But it is a cinematic mosaic. A young girl's response to her mother's death in a car crash is imaged in visual fragments from the emotional front-line: a weeping father, a rearing shadow on the road, the rhythmic, post-traumatic comfort of a ball bounced against a wall, in this dazzling debut, the viewer is only a counterpart to the reber reality of a pictorialised inner turmoil.

Verbal messages are death to cinema; visual messages are the life of cinema. This explains why Spike Lee's *Get On The Bus*, a barbed comedy about a coachful of blacks airing their own bigotries en route

to Louis Farrakhan's "million man march" in Washington, is a lesser film than Tsai Ming-liang's *The River*, a wonderfully weird Taiwanese fable about hope and despair.

Lee leads us down the yellow brick road towards a thumping sermon. Ming-liang, who won Venice's Golden Lion for his last film *Long Live Love*, crafts an often baffling tale that mesmerises and haunts the memory.

A young man (Lee Kang-sheng) develops a near-crippling neck ailment soon after doing movie stuntwork as a floating corpse. This mysterious mishap cues or echoes the larger dysfunctions around him. Some are comic, like the roof-leak his dad tries to stop with some Heath Robinson repair-work. Some are cosmic, like the inability of humans to relate either to themselves - there are sex scenes of an almost Beckettian staid bizarreness - or to their universe.

Those who found this film inscrutably eastern could escape to cinemas showcasing the accessible west. Retrospectives of G.W. Pabst and Kim Novak have justified with the riches of American narrative cinema, ranging from *Mars Attacks!* to *Larry Flynt* to such spy low-budget street sagas as *Arresting Gena* (drugs and growing up), *All Over Me* (lesbianism and self-realisation) and *Ser It Off* (crime and black sisterhood). God bless America. Europe and the East may give us art. The US gives us life and yarning, but from the controversial headlines.

Off the wall/Antony Thornecroft  
Up but not running

It was a nice idea. Once a theatre (or concert hall, or art gallery) had refurbished itself with its lottery grant, its revenue would rise. The public would flock to enjoy the new building, spending more money in the sojourned bars and restaurants. So even if the annual subsidy remained frozen at least box office and catering revenue would rise.

It has proved a mirage. The few theatres that have already re-opened after their lottery refits have had doleful experiences. The audiences have been fine, if not exceptional, and the expenditure in the bars and new eating areas has boosted income.

But the theatres under-estimated the increased costs that come with larger venues and more elaborate facilities. At the Oxford Playhouse, for example, the electricity bill has doubled while the Stephen Joseph Theatre in Scarborough has had to increase its ushers from three to seven. Higher expenses have wiped out most of the extra income.

However, this is nothing compared with the impact on the arts of severe government rate capping on county councils. This week, in what is likely to be a common occurrence, Oxfordshire decided to virtually wipe out its expenditure on the arts in an effort to reduce its deficit. The Oxford Playhouse lost its £45,000 grant and another theatre which has just re-opened after a £675,500 lottery financed refurbishment, in Chipping Norton, stands to lose £9,500 this year.

The Stephen Joseph Theatre in Scarborough, which received £1.48m from the lottery in the early days, before the true additional running costs after rebuilding were known, expects to lose much of the £78,000 it receives from North Yorkshire.

In effect, the detailed plans that the theatres prepared for the Arts Council when applying for lottery money, plans which involved consistent funding from local authorities, are revealed as illusory. Tish Francis at Oxford Playhouse, which received £2.5m from the lottery and re-opened in October, is particularly upset. She stands to lose 7 per cent of the theatre's income. This means cuts in outreach work and education, and an inevitable contraction in risk taking. The programming will be more populist and bland.

There is just one way out - to apply for more lottery money through the Art-4-Everyone programme.

But it is doubtful whether this wheeze, which is designed to encourage new work and new audiences, not to pay running costs, will be able to satisfy all the arts companies that discover that new buildings do not necessarily usher in a new golden age - especially if 1997-98 proves to be the long anticipated, and long postponed year when rate capped local councils finally stop underpinning their local arts companies.

The Arts Council's attempts to press lottery money on to the man in the street, or rather into the hands of the local choral society, poetry club, and garage rock band, has run into an unexpected snag - the inability of arts amateurs to fill in forms.

Professionals in the arts world have learned from experience that the key to success is skill in applying for money. But Arts-4-Everyone Express, through which £5m of lottery revenue was earmarked for such grass-roots activities as commissioning new works, developing new audiences, encouraging young talent, and paying for training by professionals, has hit the buffers in this vital area. Around two thirds of the first 4,447 applicants for the first of two pilot rounds of the scheme failed to complete the form adequately and have had their bids for between £500 and £5,000 set aside.

However upwards of a thousand grass-roots arts organisations will get the money they asked for - if they can provide just 10 per cent in partnership funding. The winners supply a good snapshot of the current state of the arts at community level.

Most applications were for musical activities, with a surprising number of choral societies seeking help - workshops from professionals, money for commissions, paying for stars to pep up their concerts. This was followed by drama groups who also wanted to buy new plays and expertise, followed by the visual arts - many schools want to cover their walls with murals.

Poetry societies were prominent, keen to pay for published poets to talk to them, and there was a good spread of multi media propositions. Surprisingly pop groups, who could have secured funding for CDs and recording time, were thin on the ground. But the mails are now open for applications for the second tranche of money so anyone keen to take part in the lottery, with a good chance of winning, should apply now.

## Concert

## Authentic Berlioz

It is as well to be reminded from time to time that "authentic" musical performance practice is not limited to this side of the Channel. There are plenty of period ensembles in Europe that have caught up recently and some who would like to point out that they were

there at the beginning. Philippe Herreweghe, born in Ghent, belongs to the earlier group. In the late 1960s he came into contact with Nikolaus Harnoncourt and Gustav Leonhardt, which is about as good a pedigree as you can get in this movement.

Like most other "authentic" conductors, he then made his way forwards by founding his own choral and instrumental groups: the Collegium Vocale de Gand in 1969, La Chapelle Royale in 1977, and the Orchestre des Champs-Élysées in 1991.

Thus armed, he need have no fear of going into battle with Norrington or Gardiner or any of his other contemporaries, each with their own bands of followers behind them. Herreweghe, however, does not often elect to pitch camp over here. His concert at the Barbican on Monday was a relatively rare appearance in London, bringing together all three of the ensembles named above for a performance of Berlioz's *L'Enfance du Christ*.

In the brave new world of period performance, Berlioz has been fair game for a few years now, though most practitioners prefer to show off how strange and wild his big orchestral works can sound on their authentic instruments.

*L'Enfance du Christ* does not offer any opportunities like that. It is intentionally a

modest, understated piece and a conductor who went out of his way to make the music sound different would be definition traduce it.

Herreweghe's performance was properly unexceptional. His musicians gently showed the value of having period sounds, especially the buccolic winds. The combined choruses were free from blemish in their undemanding role (the purity of the soprano solos was particularly effective).

For his soloists, Herreweghe had brought with him singers whom we know mainly from early music and there was some blanching, "early" tone to be heard, mainly from the tenor *Récitant*, Paul Agnew.

The most striking aspect for British ears was hearing Berlioz sung by French-speaking singers. There is nothing to match the relish with which native speakers declaim their own language. Laurent Naouri's incisive *Hérode* here being a gripping example. Véronique Gens and Olivier Lallouette were Marie and Joseph, supported by Frédéric Caton as the *Père de Famille* - an all-French trio, which is authentic itself in a way.

Richard Fairman

Sponsored by Banque Nationale de Paris

## Radio

## State of the US

The Voice of America's British outpost, formerly known as the BBC, presses on. Following last Saturday's relay from the New York Met, we heard that the prime contender for the role of Antichrist in the apocalypse whose proximity obsesses so many Americans is Gorbachev. So they said in Radio 3's *Apocalypse Now* and *Then*, one of the week's many obsequies to American culture.

The same day saw Radio 2's broadcast of *Follies*: Sondheim at his most aridly contrived. Also heard this week: *You Is What You Eat*, a nightly progress through deep southern cuisine, this year's American Leith lecturer interviewed, *New Found Land*, a series of six new American plays, and Stephen King's *Pet Sematary*, beginning a six-part serialisation. Last Saturday touched a new low for what in my childhood was the week's radio highlight. Not only have they killed off Saturday Night Theatre but they have filled the slot with repeats (most evenings on Radio 4 now consist of repeats). Last Saturday's choice was the final episode of *Wallis - the Life and Legends of Wallis Simpson*, the story of the famous American whose fame rubbed off on all sorts of obscure figures we would never have heard of otherwise (Edward VIII, Churchill, peripheral shadows like that).

Feedback still gets letters on the disproportionate Americanisation of the BBC. And the BBC blunders on with the arrogance typified by those producers who slap

us down on air. I had thought that architects were the modern equivalent of the medieval church, with its closed, fraternal ranks, esoteric mysteries and patronising assurance that it knew what was better for the people than the people did. But the electronic media, and the BBC with its inbuilt, if now rickety, conviction of moral superiority, run architecture close.

On the credit side there was a new series (launched with a Canadian subject, in case the culture shock of a non-transatlantic accent was too much) called *Messages to Myself*. Last night's diarist, the first of five, was Eva Marsh, diagnosed when young as having multiple sclerosis. Her scepticism about received truths, her brisk empiricism as she observed and experimented on herself, her refusal to take anything, good or bad, for granted, made extraordinary listening. Readings by actress Shelley Thompson alternated with Marsh's own voice: practical, cool, level-headed, despite a second bout of the disease that had paralysed her from the neck down in middle age. This too had been overcome. She now has academic qualifications and a second marriage - the first had been cruelly termi-

nated, though she bears no ill will, indeed maintains there is a purpose in everything. A remarkable woman initiating what should be a remarkable series.

The message emerging from all such programmes about "ordinary" people is that there is no such thing. The previous week had thrown up a charming tale of the "ordinary" to celebrate Valentine Day: *Autumn Leaves* chronicled the true-life 40-year love affair of two Hungarian teenagers separated by politics and geography, each settling in the west, marrying others, having families, and eventually marrying each other late in life. Ordinary in the sense that conventional drama was missing, but totally absorbing, as told by the protagonists themselves.

The individual figure seen against the awesome tapestry of great events; that is what radio is good at. I make an exception of Radio 4's *The University* which makes the campus of Warwick sound like a purgatory of anorak, naff boredom.

Rather surprisingly, the media can apparently still laugh at themselves. Radio 4's Thursday morning serial *In the Balance* is a comedy thriller that for once lives up to both parts of that definition. It treats of world cup football, politics and the BBC, and is rather funny. Mark Tavener writes, Paul Schlesinger produces, and a perfectly splendid cast is led by Michael Williams. It is even good enough to be complained of by paranoid politicians in an election year.

Martin Hoyle

Roboz  
New Drawings

The Exhibition opens Wednesday 12th March - throughout March Human feelings are common to us all and it is to this part of our emotions that art most readily appeals. Zuzana Roboz's ability to portray feeling within her work is probably the reason for her recent popularity. In this collection of Zuzana's latest drawings, the figures are sculpted in pencil, ink and charcoal most often and rendered application in spontaneous response to the human spirit she finds within her subjects. There are fifty works available in this exhibition. Prices from £785-£850. Fully illustrated catalogues available @ £5.00 inc p&p.

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## ARTS

Few artists of comparable importance and personal success in their lifetime have fallen so completely into obscurity as Lovis Corinth. Here in England, beyond the interest of specialists, he is quite unknown - which makes the comprehensive study of his life's work now at the Tate, albeit in a smaller version than already seen in Munich, St Louis and Berlin, all the more welcome.

But that is not to say that Corinth is not complex and contrary. Indeed the sheer volume and apparent variety of his output are merely the first of the problems he puts in our way. For here is the bridge in German art between the Romantic academic realism of the 19th century, characterised by Adolf Menzel (another forgotten hero seen lately in Paris and now in Berlin), and German Expressionism of the early 20th, Kirchner, Beckmann, Kokoschka and the rest.

And in between, though not necessarily in any evolutionary sequence, come full-blooded engagements with descriptive impressionism and narrative symbolism that amount sometimes to near-kitsch. A large portrait of an actor in full black armour with drawn sword and banner (Rudolf Ritter, 1906), Bacchante groping drunkenly at a Bacchante (1898) or Salome (1898) slaver over the Baptist's newly severed head, do have their faintly ludicrous aspects.

In 1901 Corinth left Munich, where he had studied and matured, for Berlin, where his career immediately prospered. He was aware of modern painting in France and responsive to it, to Manet especially. Yet he also set himself within the older northern tradition of Rembrandt, Hals and Rubens. "We honour the great masters of former times," he said, "and shall make it our aim to emulate them in the spirit of our own times."

Seeing himself as the modern champion of a specifically German art, he became increasingly disillusioned with the contemporary international avant-garde. "Whether or not I belong to 'modern art'... I cannot alter my convictions in order to remain modern." To later tastes his fiercely romantic German patriotism before the first world war was an embarrassment; to Hitler in the 1930s he was a degenerate modernist.

But Corinth in the flesh, which is to say in the work and the paint itself, confounds all such contradictions. The conventional view is that the massive stroke he suffered late in 1911, when he was 53, definitively



'Salome', 1898, by Lovis Corinth: he was the bridge between 19th-century German Romantic realism and 20th-century German Expressionism

## Reputation resurrected

William Packer welcomes long-overdue recognition for Lovis Corinth

divides his work. And indeed there is discernible, between the earlier and the later, a certain change of mood, from energy and swagger to something more wistful and reflective, disillusioned perhaps, and melancholy.

But by the evidence of the work, he made a remarkable recovery. Encouraged by his wife, Charlotte, he was working again by the early summer of 1912, and some of the paintings of that time are as fresh and accomplished as any he ever made.

He starts by painting Charlotte herself, half-smiling, half-anxious beneath her broad straw hat, half-décolleté, her face half in

shadow, the gesture of her hand at once half-anticipating that of the later 'Magdalen' (1919) and yet half-recalling that of the young girl of his earlier 'Innocentia' (1896). The handling is extraordinary, as light and free as it is subtle and particular. It is the most tender of images. A dark still-life, 'Cat's Breakfast' (1913) of fish on a couple of plates, is no less a *tour-de-force*, the statement so radical in its freedom as to lose the image altogether on the surface, yet falling into exact description a pace or two away.

Corinth himself was sensitive to current suggestion that since his illness his work had changed. "When I review my work in its entirety, it does seem to form an homogeneous whole," he wrote in 1913, and with a further 12 years represented until his death in 1925, this exhibition bears him out. What is remarkable is that for all the changes in style, to which he readily admits, the essential sensibility remains so much the same throughout.

Style, we should always remember, is never the essence. And for all the bombast, self-importance and overt ambition of so many of the compositions and set-piece portraits, there runs through all the work and

most especially the portraits, that sense of quizzical melancholy, even self-doubt. We find it in the very first portrait of his father (1883), but most especially do we trace it through the long sequence of self-portraits, and the paintings in which he uses Charlotte, his wife and muse, as model.

He paints the two of them together, side by side in the last self-portrait of them all, in 1925. And there too, *mutatis mutandis*, are the same honesty and ambition in the "banding of the paint, the same dash and directness in the very paint itself. Before and after, it is all one, and Lovis Corinth no longer a painter easy to forget.

Lovis Corinth: The Tate Gallery, Millbank SW1, until May 8; supported by the German government.

## Television in Israel Unorthodox humour

The letters and phone calls of complaint to the Israel Broadcasting Authority, the publicly-financed independent network, have all but stopped. The ultra-Orthodox newspapers no longer write about Gil Kopatch. The Israeli mainstream newspapers rarely review his television sketches. Perhaps lack of fame means success.

Success, because Kopatch, a young comedian versed in the texts of the Torah, or Bible, has used Channel 1, the IBA's non-commercial network, to launch the first popular satire on the Torah. Each Sabbath evening, when the ultra-Orthodox switch off television but when secular Israelis, who still make up more than 60 per cent of the Jewish population, tune in, Kopatch gives his interpretation of the weekly "Parashah", a section of the Torah read out in the synagogues during the Sabbath.

His dress is casual. His rendering is irreverent. His language is colloquial. He wants to make the Torah accessible. "I speak a simple language because that is the language of my audience. I am a believing Jew. I ask, out of love for the Torah, to extend a hand and to bridge the awful gap [in society]," he said recently.

The ultra-Orthodox were having none of what they perceived as blasphemy, where Noah and other biblical heroes were demystified by an upstart who dared challenge their monopoly over the interpretation of the Torah. Shas, the ultra-Orthodox party in Benjamin Netanyahu's governing coalition, wanted Kopatch silenced. The seculars rallied around, Mordechai Kirschenbaum, director general of the IBA and father of Israeli television satire, stood his ground. The ratings went up. The ultra-Orthodox, realising publicity provided oxygen to their opponents, retreated to silence. Kopatch won the first round.

That round represents one of the many battles being fought today on the television screens by secular Israelis. They do not want the cultural or social agenda set by the ultra-Orthodox, who are gaining more political ground. And it is taking place at a time when the issues dividing Israeli society are no longer exclusively about the peace process. They are about the future direction of the Jewish state.

with the defenders of civil society co-existing more and more uncomfortably with the ultra-Orthodox who claim to be the guardians of the Torah.

But it also reveals much about how far Israeli television - and society - has changed since the founding of the state nearly 50 years ago and the establishment of Channel 1, the first Israeli television station, almost 30 years ago. That was when Kirschenbaum, fresh out of studying motion pictures at UCLA in California, returned to Israel. It was one year after Israel's momentous Six Day War victory. "We thought we were invincible," said Zvi Lidor, the IBA's spokesman. Israel's defeat in the 1973 Yom Kippur war changed all that - and Israeli television.

Kirschenbaum started breaking taboos in his *Cleaning the Head* satirical series in which he questioned hitherto sacrosanct institutions, such as the military and the intelligence services, and relations between Arabs and Jews. "There are not many taboos left," said Kirschenbaum.

The Chamber Quintet, a middle-class group of actors, is making sure of that as they chisel away at the establishment each Sunday evening on Channel One. But unlike Kopatch, it does not have a mission. "I don't think Israelis want to have the truth slapped in their faces," said Arik Bernstein, one of the producers. That is a matter of interpretation. The Quintet's language is coarse. Its themes are more than sensitive. It recently did a sketch on the commercialisation of the Holocaust.

The difference between the two programmes are almost academic since both encourage Israelis to look in on themselves. As the fear of the external enemy/threat fades, it is being replaced by a new force. Israelis are asking themselves who they are, who their institutions represent, how a balance can be struck between Judaism and democracy. "They are asking many, many more questions," said Kirschenbaum. And as much as Kopatch tries to tackle them each Sabbath evening, the answers do not come easily. Perhaps that's why sometimes the silence over his sketches is deafening.

Judy Dempsey

## Disney's bid for Hugo's mantle

Jackie Wullschlager on a fascinating exhibition which attempts to show how close Hugo and Disney are in spirit

The bells peel ceaselessly, an accordion trills out 1950s French dance tunes, children screech as they recognise models of their favourite characters, and the curator of the normally sedate Maison Victor Hugo looks in astonishment at the queues down the oak-panelled staircase.

As its French theme park gears up for the spring season, nowhere is the Disney corporation's eagerness to meet European cultural credentials more dramatically on show than at the rambling old town house in the corner of the Place des Vosges which now plays host to an extraordinary exhibition, *Walt Disney Chez Victor Hugo*. Launched to mark the French opening of the feature film *The Hunchback of Notre Dame*, this show celebrates a double piece of history: how Hugo and the 19th-century poets looked back to the Middle Ages, and how Disney drew inspiration from their romantic revisionism in the 1930s.

Using 19th-century prints, paintings, architectural models, first editions, a record of theatre productions and songs built on the popularity of Hugo's 1831 novel *Notre Dame de Paris*, it is on the one hand a fascinating investigation into what history tells us about the historian, about how we make sense of the present by rewriting the past. Interweaving these with drawings and sculptures by Disney animators, with a mini-show demonstrating how computer generated imagery works and a video of the making of *The Hunchback*, it is on the other hand a classic of cultural propaganda. It proposes Disney as the modern heir to European romanticism, reworking myths for our times just as Hugo reshaped them for the 19th century.

I am a fan of Disney, and up to a

point I am prepared to buy this story, but it is amusing to note the extremes to which the organisers here have gone to convince that bloc of galle reprobrates who see American cultural imperialism eroding the French heritage and wish that EuroDisney was sunk in the Marne.

A centrepiece of the Maison Victor Hugo in sober times, for example, is Pilotell's "La Vision du Poète", a large portrait of Hugo crouched beneath a gargoyles half

Hugo looked back to the Middle Ages; Disney drew inspiration from his romantic revisionism

way up Notre Dame, with his characters floating above him in the clouds. Here, the video of the making of *The Hunchback* seizes on precisely this image, showing Disney animators suspended half way up the cathedral, sketching their gargoyles and then flicking them into life as the sheaves of drawings turn miraculously into three-dimensional characters.

One of Hugo's aims in writing the novel was to inspire "à la nation l'amour de l'architecture nationale". He was among the earliest champions of the Gothic style and a revelation of this show are the sketchbooks and "album de voyage" he kept as he travelled around France drawing in professional detail fine examples - the bell tower at Tours, the chapel door at Evreux cathedral, the eerie moonlit castle at Vlanden.

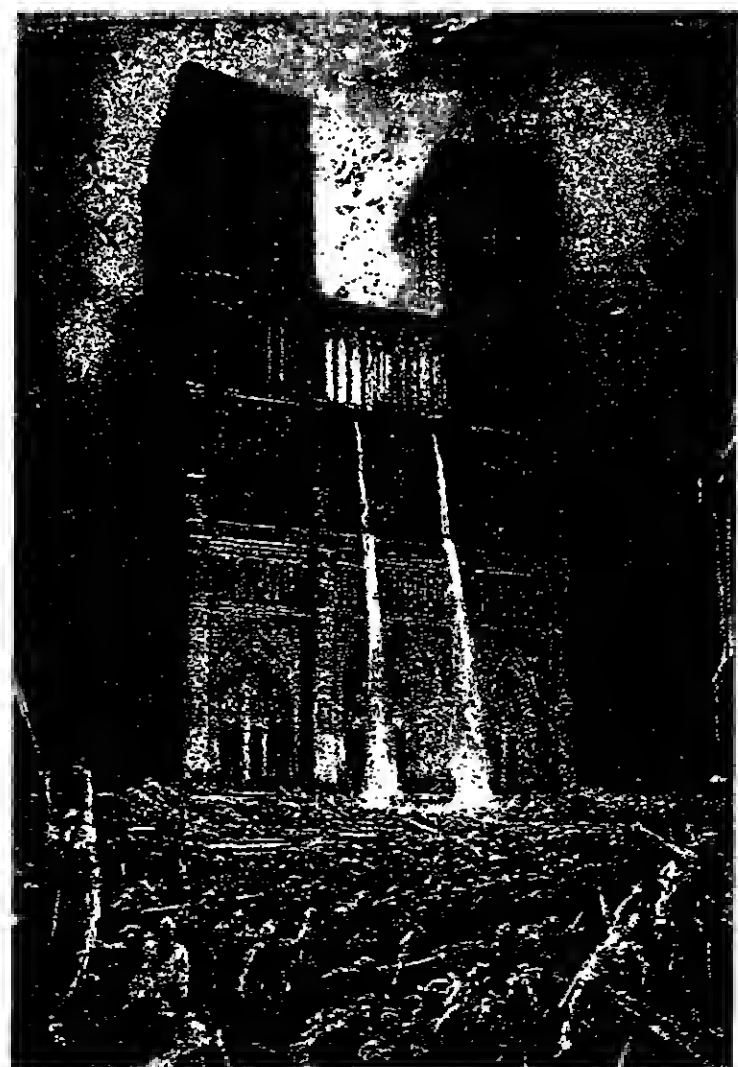
Medieval Paris, then, not the hunchback Quasimodo or Esmeralda, the girl he loves, is the hero and the heart of the novel, and it inspired a new reverence for Notre Dame and numerous paintings of the cathedral.

François-Nicolas Chiffart's red chalk and gouache vision, "Les trauands assiégeant Notre Dame de Paris", was clearly a model for David Martin's Disney sketch, which echoes its menace of light and shade. Elsewhere Disney's debt to other early interpretations, Louis Boulanger's luscious illustrations to the book, for instance, are emphasised.

Hugo, like Disney, was a oostalgia merchant. At a time of rapid technological change and the advance of the machine, when industrialisation was transforming the appearance of cities, he evoked the Middle Ages as an era when architecture was the work of individuals slowly building a Gothic masterpiece, able to leave their own stamp on a gargoyles or a stained glass window.

His 1490s Paris was peopled, however, with quintessentially 19th-century characters who are lost in Disney's cheerful revision. Frodo the wicked monk speaks volumes about 19th-century sexual repression, not medieval corruption: in a contemporary song-sheet here, "Les Soupirs de Claude Frolo", a mournful, buttoned-up donnish character, a Ruskin or Lewis Carroll, looks out of a window, skull at his side, singing, "ah maudit soit le jour où je suis né" (cursed be the day that I was born).

Esmeralda, celebrated in popular songs of the day such as "La Bohémienne de Paris", is a typical Romantic heroine - the gypsy *femme fatale* who dies, like Carmo in Merimee's story 15 years later, a victim of male vengeance. Juxtapose the Disney drawings of her -



'Les trauands assiégeant Notre Dame de Paris': a model for Disney's 'Hunchback'

notably Vance Gerry's "The Indecent Proposal", where a huge-eyed, strong-jawed I-am-my-own-person Esmeralda tosses her head and her bold chunky earrings - with, say, Charles's Streubens's docile beauty, eyes downcast, clutching her goat in the lithograph "La Esmeralda et sa Chèvre", and you have a snapshot of how feminism has revived 19th-century victims into plucky individualists.

For French audiences, Esmeralda is an up-to-the-minute heroine who stands up against racial intolerance and seeks political asylum in Notre Dame, then looks forward to marriage rather than martyrdom. Balzac's verdict on Hugo's oovel

in 1831 - "two descriptions, beauty and the beast, and a deluge of bad taste" - summed up much of the recent critical response to Disney's *Hunchback* as an inferior *Beauty and the Beast* set against tasteless features such as singing gargoyles called Victor and Hugo.

Both, however, have been popular successes; this exhibition shows at once how close Hugo and Disney are in spirit and how far a dark erotic 19th-century tale must evolve to succeed in the sunny banality of Disneyland.

Walt Disney Chez Victor Hugo, Maison Victor Hugo, 6 place des Vosges, Paris, until March 16.

## Theatre/Simon Reade

## Shakespeare at face value

It is not just our post-Holocaust sensibilities which make *The Merchant of Venice* a problem play. Anti-Semitism has been dealt with in the ironic context of Mussolini's fascism. Shylock has been portrayed as a scrupulous city banker rediscovering his faith when persecuted. However, if you take no such leaps of the imagination, as in Bill Alexander's latest revival in Birmingham, a different problem presents itself: no one, nor their dichotomies, is attractive.

If we do not care who wins Portia because we do not like her, if we do not shift our sympathies for Shylock because we have none in the first place, it is dissatisfying drama. After all, these two characters only collide coincidentally after the laborious cassette-choosing sequence in Belmont.

Even when Bassanio has made his leaden choice, Shakespeare has to motor his story along by delivering a letter bearing a far too important plot development to have relied on the Italian postal system. Shakespeare almost confesses his laziness when Portia produces yet another missive at the end: "You shall not know by which strange accident I chanced upon this letter."

The courtroom scene relies upon a disguised, duplicitous Portia aping legal technicalities to save Antonio. She is disgracefully vindictive towards Shylock, robbing him of fortune and faith in a travesty of justice. Is the play so cynical, or was it just rushed into the playhouse? A deouement involving the hastily planted prop of a

ring would suggest the latter.

Taken at face value, as in Alexander's production, this is obnoxious entertainment. Little daylight is allowed into the Venetian passages of designer Ruari Murchison's depressing murk of crumbling brick walls and misty canals. Into this gloom - more akin to Elizabethan Bankside, or Victorian backstreets, than the Piazza San Marco and the Grand Canal - scurry the yapping Christians and the arrogant Jew.

David Schofield's Shylock has an ill-conceived accent, which the Christians mock, pandering to the prejudices of some in the audience. Little seems to be at stake for Cathy Tyson's easy-going, Liverpoolian-wanged Portia, but then who could fall in love with such a pallid Bassanio? Don Warrington is a relief as Antonio, delivering dignified vowels of world-weariness. There is a nice cameo from Martin Hudson as the pompous Prince of Aragon, a flop with fancy hair, and a peculiar West African Gobbler from Jah-Man Aggrey, literally in a spin when playing his own father (suggested by Bassanio's impatient "let one speak for both").

As for the rest of the company, where else would you see people urgently galloping in to mean their quite innocuous information, but in a moribund Shakespeare production? This muddled play gets as good as it gives.

At the Birmingham Rep until March 8, and then on tour until April 26 (0121-236-4455 for details).

JPL 2/1/97

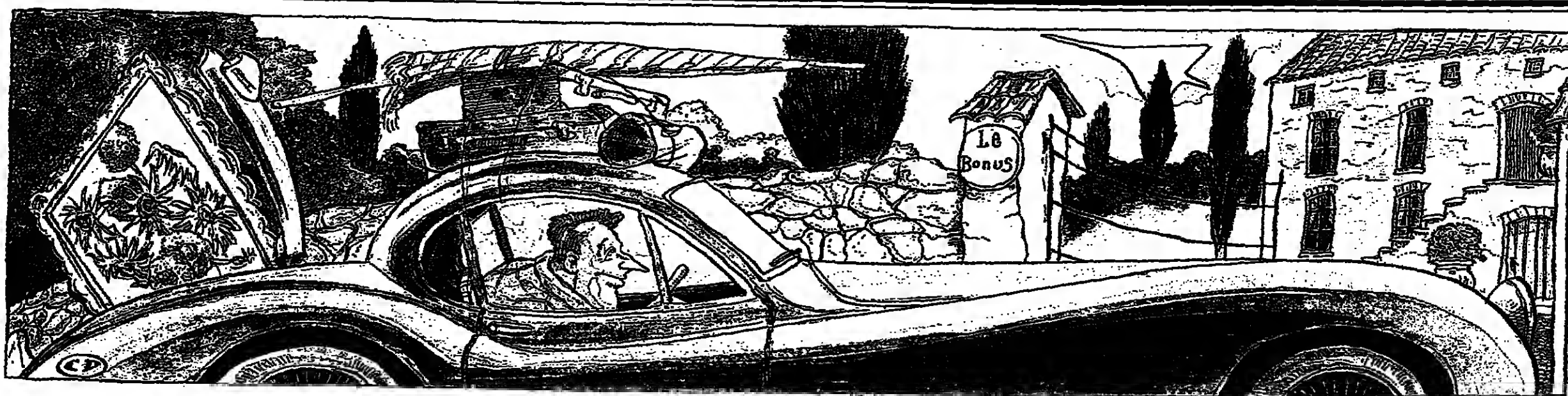
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# How to Spend It



## Little indulgences and big bonuses

Gone are the days of flash, frivolous consumption – bonus spending today is a much more considered process, but no less enjoyable, finds Lucia van der Post

A few extremely clever or outrageously lucky (depending upon your point of view) people about the city will have some enticing questions to ask themselves in the next few weeks: just what should they do with the £100,000-plus bonuses that will be landing in their bank accounts sometime between now and the end of March.

This year has been, in city jargon, a "stinking" year and bonuses are set to reach the kind of mind-boggling sums that most of us regard as serious capital but for some players is more or less small change.

Just what these sums are we can only guess. City players did not get to where they are by putting their heads above the parapet – most seem to have a poker player's temperament and are about as loquacious as Godot. Ask them about their bonus and you would think you were inquiring about money laundering techniques or whether they had a drug habit.

"It's all much exaggerated," say the bankers. But if you ask around a consensus begins to emerge. The five or 10 top players at each of the 10 leading banks will probably be looking at bonuses of £5m and above this year. There will probably be between 100 and 200 people receiving around £1m, followed by several thousand, in city terms regarded as middle-ranking employees, who will be looking at between £100,000 and £300,000.

According to Monks Partnership, remuneration advisers, bonuses among middle-ranking employees can range from nothing (roughly 10 per cent of staff) to something like 150 per cent of the base salary. A senior manager in asset finance on a salary of say £100,000, is likely to get a bonus of 150 per cent this year, while the average bonus of a senior dealer, trader or member of the sales staff will probably be about 50 per cent of his base salary of about £125,000. For most of us this is dream territory. But for some it is an annual event that brings with it the problem of what to spend it on.

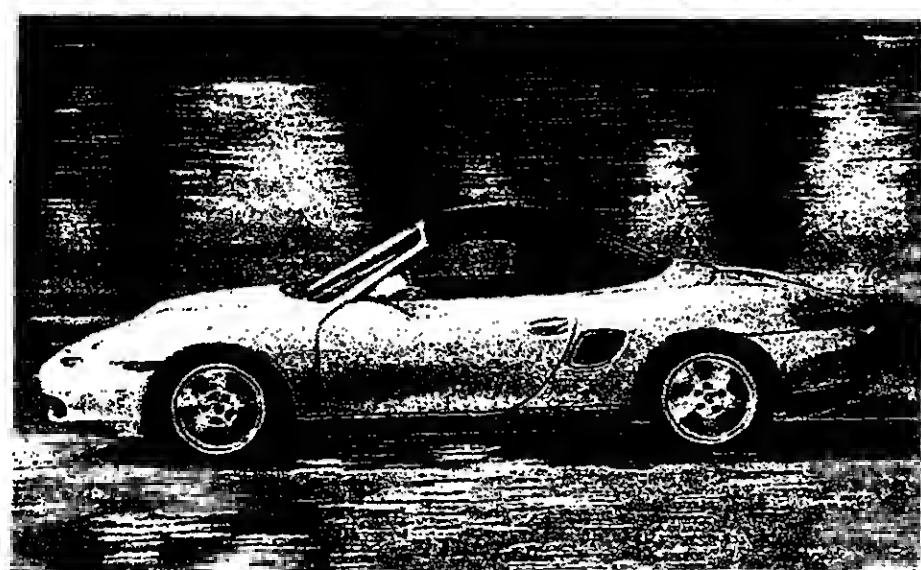
According to one, the first thing they do is "lie to their wives and fob them off with a cheap (£25,000) trinket [the clever wives learn to ask for a copy of the payslip]. Then they go to Jermyn Street and buy three new suits and 20 shirts. After that they buy lots of expensive claret which they know nothing about."

Then they do incredibly sensible things, such as invest in pension funds, securities, mortgages and school fees – there is little talk of anything fancy, such as yachts and race-horses, mistresses and jewels.

As one city player put it,



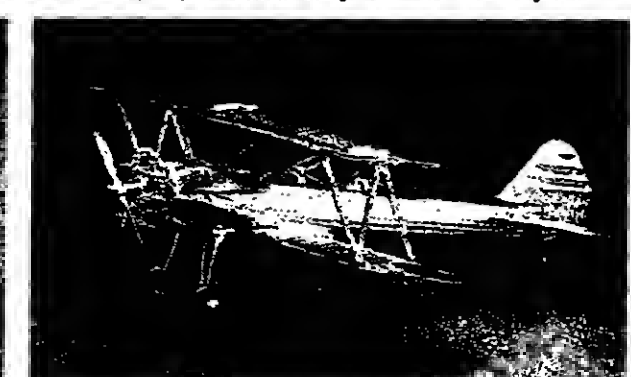
Hotly desired by the city set is the Mercedes SLK: an open two-seater costs about £30,000



Also much sought-after is the Porsche Boxster, £45,000: the first really new Porsche for 30 years



The Breitling Chronomat, £2,155, from The Watch Gallery



Miniature silver copy of a Stearman small aircraft, £10,000, from Theo Fennell, 189 Fulham Road, London SW3 6SP

"the really big bonuses will go to hard-working, sensible people and they are too sensible not to know that the good times may not last."

"Some use the money to invest in slightly risky projects – say a fashionable bar or a new business on the side. Others invest it so that, in a few years' time, they can give the whole thing up and, metaphorically, head for their desert island. The days when people bought a Ferrari a year are over."

"I'm going to be paying off a chunk of my mortgage and I'll put some into a school fees plan, but we do always buy something small to celebrate. Usually it's a work of art – we're not talking Rodin here, we're talking something that won't cost more than a few thousand. We'll go to the annual art fair in Islington, Art 97, and look over the new works or to one of the many galleries we like to keep an eye on."

"It's the younger footloose and fancy-free traders in, say, their twenties who might blow it all on one of the hot, new cars, say a Lotus Elise or the Mercedes SLK, if they've had the foresight to put their name down for one in time."

He added: "Most people, though, do treat themselves in some way or another. A partner I know in a leading investment bank took his entire family off to Sandy

Lane in Barbados for Christmas – it was his way of patting himself on the back."

Charlie Ellingworth, at Property Vision (8 Cromwell Place, London SW7), confirms that caution is the watchword today. "Many of the city guys have been around once or twice and though the sun's out now they know it may rain tomorrow," he says.

"Whereas in the 1980s they'd be looking for a grand country house, now they either want to upgrade from a two or three-bedroomed flat in South Kensington or, if they've already done that, they are looking for flats to buy as an investment."

"We are getting a lot of demand for two-bedroomed, two-bathroomed flats in South Kensington, which blue-chip companies will want to rent for their staff. They can get a return of 6 per cent gross, which nets down to 6 per cent, and that is better than the return on equities."

When it comes to foreign property, according to one city informant, anything around Toulouse is much sought-after. "It's only an hour and a half flight and they can be there by late Friday and back in the office on Monday morning."

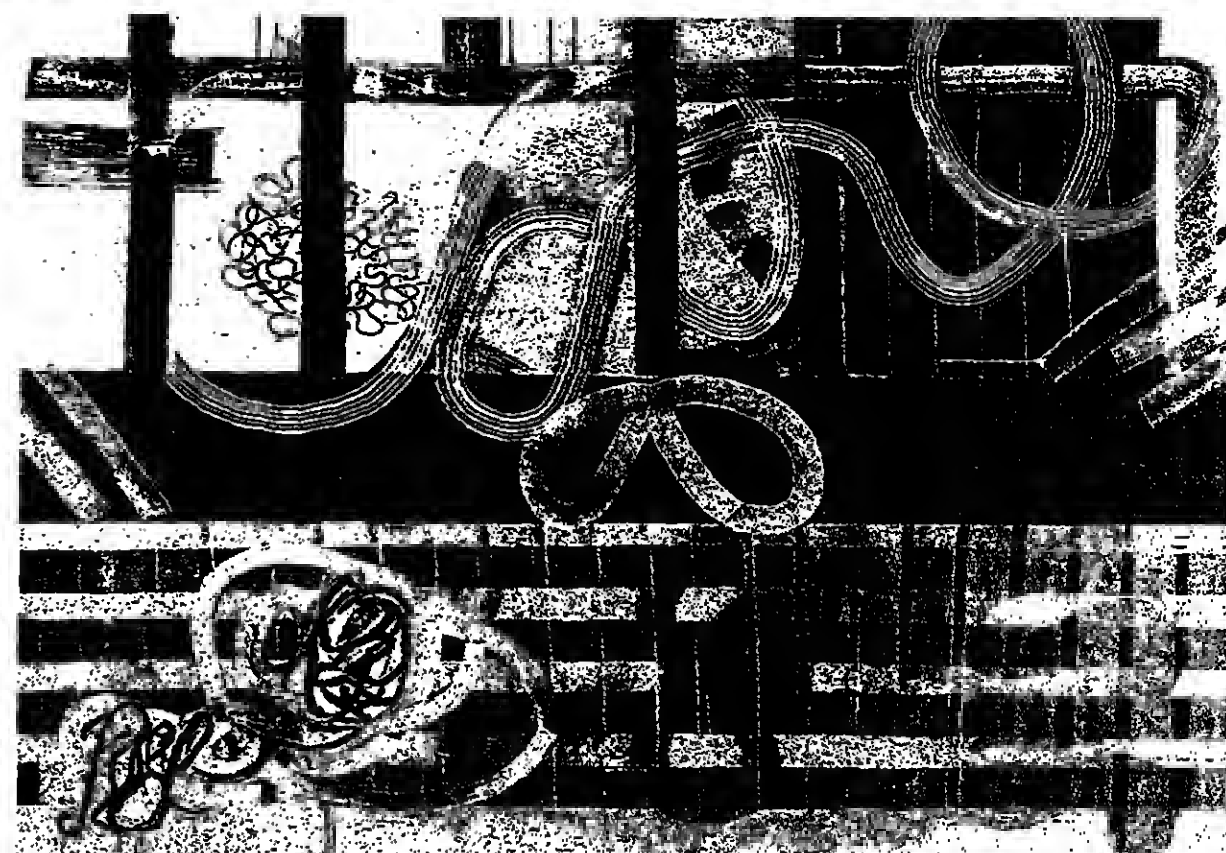
Another senior figure at a big investment bank said: "Everybody now seems very

sober, very prudent, even the new young graduate entrants. Even those on very big bonuses often just put the lot into something like the Halifax Building Society. "I'm not married but I'm very prudent. I've paid off my mortgage and I'm going to put a huge chunk into my pension fund but I will treat myself a little – this year I've bought a new car for the first time in six years. It cost me £60,000 but already I could sell it for more than I paid."

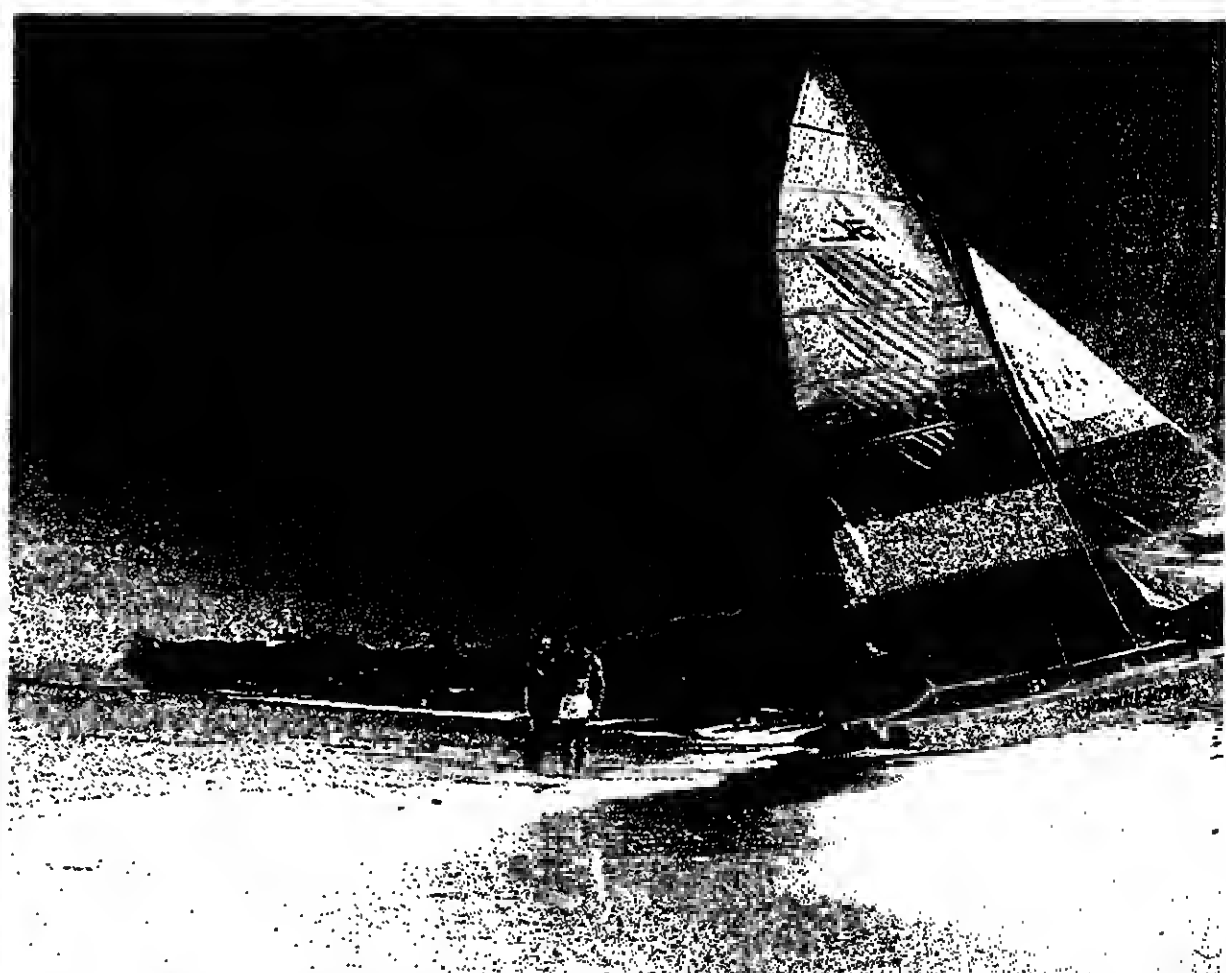
All this sobriety and long-term planning doesn't sound like good news for retailers who have designs on such windfalls. But even the most sober indulge a little.

Bruce Dundas, marketing director of Theo Fennell, jeweller to the it girls, the partying set and the high-rollers, says there are regular clients who every year treat themselves to some little fantasy. "They buy small things such as our ketch-up bottles with silver caps for about £700, or our 1940s copy of a soda-siphon shaped like a fire-extinguisher for £3,750. "They seem to like fantasy things. Boys toys are popular – some ask for a miniature silver copy of their favourite car, a Bugatti or Alfa Romeo say, or a plane."

Tim Taylor, after years working for the Waddington Gallery, recently opened his



'Welcome to the Eye 1994' by Juan Uslé: 80in by 108in, £25,000 plus VAT, from Timothy Taylor Gallery, 1 Bruton Place, London W1



The didn't-I-do-well holiday: a fortnight for a family of six at Sandy Lane, Barbados, on Concorde, would leave little change from £70,000

own gallery, Timothy Taylor Gallery at 1 Bruton Place, London W1. He is holding an exhibition early next month with his eye firmly on the city bonus.

"The idea is to introduce the city players to contemporary painting. Nobody that I know of blows their bonus on modern art. The city chaps seem very careful with their money and put most of it into safe, long-term investments or

some kind of security. But they will usually spoil themselves a little."

"My exhibition will mostly have works by established artists with recognisable names, though there will be a few extraordinary pieces which may capture the interest of the risk-takers among them. They could spend as little as under £1,000 on a contemporary print."

Franz La Rosée, who owns

The Watch Gallery at 129 Fulham Road, London SW3, says watches are many a city worker's idea of a treat. "Just yesterday I had a call from a regular customer saying my bonus is coming up, what have you got for me? I know what he has bought in the past so I recommended the Breitling Chronomat at £2,155 – this is the sort of watch bankers like."

They may spend all day

looking at screens but a watch that is water-resistant to a depth of 100m is *de rigueur*. La Rosée adds: "A typical wardrobe of watches might be a Rolex costing about £2,500. Then maybe something sporty like a Tag Heuer (about £1,000). Then a Jaeger Reverso at about £2,400 and just at the moment the Franck Muller (£5,000) is very in vogue as an evening watch."

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## FASHION

# Creativity and capital get together

Next week's shows herald a new era for fashion in London. Avril Groom reports

**N**ine months ago, the £348m Pentland Group bought a 75 per cent stake in Red or Dead - best-known for quirky street style and controversial shows - from the failed retailer Facia.

A British entrepreneur who already funds hursaries for promising design students, is keen to find others willing to put up £500,000 each to start a manufacturing resource for small-scale designers.

Even banks are interested. Lloyds Bank has set itself up as the lending bank for the fashion industry, sponsoring the annual British Fashion Awards and prize-winning sophisticated style duo Pearce Flonda.

Such people do not make a habit of losing money. As the London fashion designers show their autumn collections in London next week, accompanied by the usual media hype, they represent an even more exciting prospect - big money.

British fashion is at last being seen, to those prepared to take something of a risk, as an exciting investment.

The superficial reason for this is the current high profile of sharp, original British design spearheaded by the export of John Galiano and Alexander McQueen to storm the Bastille of Paris couture.

London Fashion Week - a large exhibition and 48 shows - will include the return of Vivienne Westwood and the arrival of several well-established foreign

The autumn collections in London next week represent an exciting prospect - big money

labels aiming to make a long-term commitment in London. Spanish designer Amaya Arzuega, for instance, whose street-influenced knitwear-based collections already sell in 60 countries, says Britain is one of her biggest markets.

Miu Miu, the "younger sister" range of impeccably trendy Prada, also believes London is the right showcase for its look and will follow up with a Bond Street shop later in the year. They could be the nucleus of the emergence of London as the global capital for forward-looking design.

There are already direct spin-offs. More Italians are coming to London Fashion Week than ever before, ostensibly to see Miu Miu, but it is hoped the result will be more British-designed clothes in Italian shops. Italian money men are signing up British designers but instead of whisking them off to Milan, they are leaving them in London, where their inspiration and artistic control lie.

Antonio Berardi's provocative way with delicate lingerie fabrics and Westwood-trained Bella Freud's wittily sexy knitwear and tailoring appeal to the Italian psyche. After struggling with small budgets, both have just signed contracts with Milan-based backers. "They understand that we have to grow slowly," says Berardi, "and agree with our policy of exclusively supplying just a few top stores. They don't expect us to make money for two years."

Freud's new manufacturers have taken over her distribution and show costs. She finds this "a huge relief; it allows me to concentrate on designs, as does the security - my contract's notice period is two years."

The shows draw in buyers and backers - the British Fashion Council reckons on a 20 per cent increase in visitors to the shows this time. But the underlying reason for the new confidence in British fashion is the growing realisation of designers that a commercial approach and a proper business plan



Top: Workers for Freedom long wool coat and silk knit rib shirt; and, below, Red or Dead cord brushed cotton checked fusion dresses



Top: Helen David for English Eccentrics bias-cut dress with fishtail train with velvet coat and maribou headpiece. Below left: Pearce Flonda putty coloured wool jacket with bishop sleeves and bias-cut skirt. Below right: Amaya Arzuega beige suede-like suit and chevron striped sweater

are even more important than a portfolio of heart-stopping designs.

Fortuitously, idiosyncratic British style has become voguish, and therefore more profitable, just as designers have become more commercially aware. This has led to what long-time backer of British design Manny Silverman describes as "a meeting of minds".

"There is," he says, "a greater willingness in potential investors to understand the design industry. Venture capitalists are beginning to see the opportunities on a risk/reward analysis. I am optimistic provided everyone plays by the rules, if designers don't spend willy-nilly and investors don't withdraw at short notice. But I don't foresee buckets of money being thrown at flights of fancy."

But what British consumers see as fanciful can be very commercial abroad, as the canny investor knows. Those days in the 1980s when British designers were doing well if they turned over £1m a year are long gone.

Vivienne Westwood, once regarded as the grand eccentric of fashion and proud of her independence from backers, expects a turnover approaching £20m this year and hopes to join the exalted ranks of Paris couture designers next.

Hers is nothing if not a serious business, fuelled primarily by exports to the Far East.

Similarly, Alexander McQueen's sales in Japan so impressed the influential Japanese clothing manufacturer Onward Kasbiyama that it wooed him away from his previous Italian manufacturer. Its long-term plans for the business are for it to achieve a fine balance between commercial sense and spectacular creativity.

Red or Dead was turning over £10m five years ago. This figure had fallen by the time Pentland acquired it from Facia, but the group that revitalised Reebok and Kickers should see it improve by the end of the year. "I believe in Red or Dead's global potential to provide a good royalty stream," says chairman Stephen Rubin.

"With so much American competition coming in, I like to back British. I may have gone out on a limb but I'd do it again as a private backer if another designer with the right commercial attitude came along."

That business moguls such as Rubin even talk to street fashion firms like Red or Dead is partly due to a system set up by the British Fashion Council and Marks and Spencer, whereby designers are offered business advice and are linked

with potential backers and manufacturers.

The principles are now being worked into a "bible" with Department of Trade and Industry funding. The department also adds £100,000 a year to the growing, but unrevealed, sum from London Fashion Week's main sponsor, Vidal Sassoon.

It is notable that the perennial cries for more government money have all but stilled, both because designers are learning to stand on their own feet and because private industry is investing and leaving artistic control to the designers. "We want them because of their creativity," is a common and enlightened attitude.

It will only continue, as Silverman points out, if designers are realistic. Entrepreneur Trevor Spiro, who owns two design-oriented magazines and a model agency as well as TV production and computer firms, funds bursaries at colleges such as East London and the London College of Fashion which put special emphasis on commercial methods.

"Anyone in any field must learn how to run a business and handle employees," he says. His satisfaction is in the success of designers such as East London graduate Lexley George, whom he used to back but whose easy,

It is probably no accident that Jasper Conran, whose perfectionist show ideas are not cheap, should return to the catwalk immediately after the huge success of his first J range for Debenhams which, says chief executive Terry Green, "will make him a wealthy man".

Industry and designers have been on a fast and beneficial learning curve. Now, says Trevor Spiro, they must go further. "Big players should each put in a substantial amount to set up a manufacturing resource for young designers. I think we would get a good return but I'm not sure others would agree."

He could be surprised. Terry Green says he would be "sympathetic to the idea and keen to discuss it. We can already put designers in touch with small factories". The British Fashion Council is discussing links with "younger" manufacturers keen to work with small-scale designers.

James Ogilvy, of the trade magazine *Luxury Briefing*, says he knows "potential investors wanting to spend between £500,000 and £5m on the right design or luxury project. They want designers to think in terms of global marketing and duty-free. We have the talent and the money. We need to engineer the links."

Lloyds Bank's sponsorship of Pearce Flonda comes "in the form of direct financial support for their shows. Andrew Flonda says: 'We are in close touch and receive advice that has enabled us to make the right decisions, like abandoning a manufacturer who was ripping us off.'"

Charles Meares, Lloyds' head of sponsorship, says: "We recognise the importance of fashion and are happy to advise on anyone's business plan."

"Pearce Flonda is a case study in how to do it. As a larger initiative, nothing is ruled out."

With investment communication channels open and its creative streams running at full pelt, London is poised next week to join the big league of fashion cities. A unique talent generates the interest; investment, which feeds off commercial strength, will be needed to sustain it. Both sides at last recognise the need for symbiosis.

"The London hype could finish tomorrow and we have to look beyond it," says Antonio Berardi.

"Eccentricity is in but when fashion moves on we have to weather it," agrees Bella Freud.

1997.2.23







## PROPERTY

# Consent and the listed building maze

Gerald Cadogan reports on how to take the bother out of restoration work

Some years ago a US art collector bought Deane's Garden at Sonning in Berkshire, a grade I house designed by Sir Edwin Lutyens for Edward Hudson, the founder of Country Life magazine. With a garden designed by Gertrude Jekyll, the whole creation is an important statement of English architecture at the turn of the century.

Sir Edwin chose a geometrical design for the brick and timber house. It is like a Tudor manor - but better because it demonstrates the coherent vision of a fine architect rather than the haphazard concoctions of an Elizabethan masterbuilder. Wood panelling and bold patterning of the beams are important features of the house.

But the US owner wanted a white milieu, which is ideal for showing pictures. He eliminated the counterpoint of wood and plaster by painting the beams white, and even whitened the staircase. In the late 1980s he decided to sell the house. All might have gone easily for him had not someone spotted the newly whitened wood in the sale brochure.

"In no time English Heritage had slapped down an enforcement notice" to restore it to Sir Edwin's scheme, says Nicholas Brown of Knight Frank.

The house was sold after the restoration had been done. In 1996, the new owner put it on the market but, in the end, found that he loved it so much he refused offers and is still there, benefiting from his predecessor's superb restoration of the woodwork.

The moral is simple. Obtain listed building consent from the local council if you intend to do any work that, in the eyes of the law, affects the character of a listed building of architectural or historical importance. The council usually makes its own decision about a grade II building, on the advice of its conservation officer. If it is II\* or I, the case is likely to go to English Heritage. This procedure is intended to ensure that all work is done with a proper respect for the existing architecture.

Getting consent for work to be carried out on a listed building may be a bother, but it brings the sweetener that no VAT is payable. VAT, however, still applies to regular maintenance (for which there is no need to go to the council), but a private owner may find that repainting needs consent.

That situation, however, amounts to encouragement for tampering when what is needed are inducements to owners to look after the buildings properly - as happens in France.

English Heritage publishes pamphlets on the grants it gives and helpful advice on repainting, and windows and doors. Repainting may need consent, and would qualify for VAT relief.

"Don't rub English Heritage up the wrong way," says Graham Bond of Dunstar Properties. He is a developer who specialises in refurbishing listed properties that have fallen on hard times. "We tend to take on things other people are scared of," he says.

Bond is selling, through Fortsons, a beautifully restored Georgian house at

Turnham Green, west London, which came on the market a few weeks ago at £595,000. It has drawn such interest that the guide price has gone to £645,000. Three buyers are still keen.

"You must do your homework," Bond emphasises, "and learn how to read a house and its history." But, he adds: "I've come from Bath" - where homework and getting it right are the norm.

Last year he tackled the penthouse at High Point, Berthold Lubetkin's pioneering tower block in Highgate, north London. It was hard because "those 1930s buildings were thrown together. They did not quite understand the new technology."

Nowadays, a good contractor is the most difficult person to find. He must be willing to accept that a wall in a 16th grade II\* house in Gloucestershire need not be made straight but must be put into "good surveying order".

Bond is glad to have used the same contractor for five years and had an in-house architect, both versed in style and the aims of restoration. "The principles stay the same," he says.



The painted master bedroom, which also has its own bathroom



After a brief 'white' period, the fine turn of the century manor is now as intended by Sir Edwin Lutyens

"whatever the building."

Future Heritage, after 18 projects in its home patch of Bath, is now at work on the old General Hospital in Salisbury, an imposing castellated building by John Wood (the great Bath architect). "We're taking off the excesses of over 200 years," says Stephen Green, the managing director. They are opening up again Wood's central light well, to make 10 large flats to sell at around £200,000-£225,000.

Green is also happy with English Heritage. He says they often take a wider perspective and have a pragmatic view of a problem. But "one must build up their trust." How? "Such as by putting natural slates back on the building."

More problematic, he suggests, are the local council

officers dealing with listed buildings or conservation because "it is difficult to find among them that consistency of opinion" that English Heritage officers show.

But this is a problem more for developers than private owners.

One couple in the East Midlands, who have brought a 1700 farmhouse back to life, first talked informally with the council. "Find out what they are likely to

allow, so as not to antagonise them straight away," they advise, and talk to people on the planning committee - "not to pull strings, but to learn the lie of the land". The couple also held meetings to explain their plans to concerned villagers.

■ **Dunstar Properties, London** (0171-385 1068); **English Heritage, London** (0171-973 3000); **Fortsons, London** (0181-995 6000); **Future Heritage, Bath** (01225-446533).



Bold touches: wood panelling and patterned beams

On the Move

## High-rise Hollywood

In some regions of the UK, prices have soared over the past 20 years. At Bognor Regis in West Sussex, is Hollywood House, a typical, pleasant Georgian box house. It is listed grade II, has four bedrooms and half an acre. From 1902 to 1908, it was the home of William Ward-Higgs, who wrote the music to the county song *Sussex by the Sea*.

In 1977 the house sold for £53,500. Seven years later, its price nearly doubled to £98,000. It is on the market again, with a reasonable looking guide price of £250,000.

This would result in a 20-year gain of 367 per cent (in nominal terms). The agent is Jackson-Stops in Chichester (01243-786 316).

■ At the north-west tip of the Wirral peninsula is a red brick Victorian lighthouse at Hoylake. It is for sale, together with a house which used to form the two lighthouse keepers' cottages. It is listed grade II, has five bedrooms, four reception rooms and an Aga (cooker) in the kitchen. From the lighthouse, which retains its cast-iron spiral staircase, there are commanding views of North Wirral and Liverpool Bay.

The agents are Black Horse Sykes Waterhouse in West Kirby (0151-625 6106) and Jackson-Stops in Chester (01244-326361). The asking price is £195,000.

■ Another unusual grade II property is a house with pinnacles at Brassey Square on the Shafesbury Estate in Battersea, London. It is now a shop with a flat above, but (with planning permission, change of use consent and listed building consent) could become a single house.

The estate was built by the Artisan Labourers' and

General Dwelling Company, a body set up in 1867 to build a community of "suitable dwellings for working people who were driven from their homes in the city by the extension of gigantic, metropolitan improvements".

The great Lord Shaftesbury gave the estate his name and Disraeli opened it when prime minister in 1874, calling it "a workmen's city rising out of the desert".

The agent Edwin Evans (0171-228 0051) is seeking offers above £160,000.

■ Conversion of commercial and office buildings to residential in and around the City continues with the launch of Number One Prescott Street, E1. What used to be the flagship headquarters of the Co-op, an Art Deco design by LG Ekins in 1932 and listed grade II, is now becoming 150 flats.

The developer of the scheme, convenient for City workers, is Rialto Homes, and the agent Hamptons (0800-018 1516).

Gerald Cadogan



A lighthouse with a view



Hollywood House for £250,000

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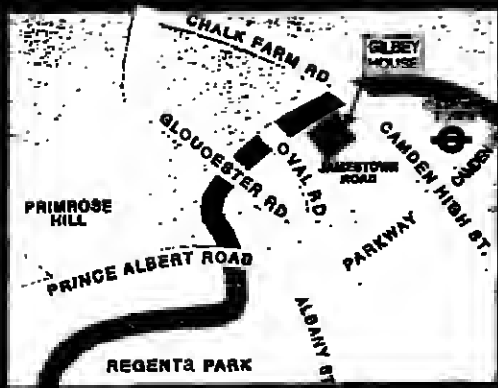
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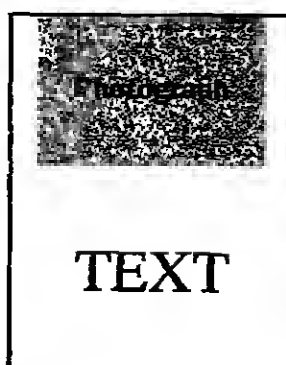
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## TRAVEL

Brittany

# Leave the mobile phone at home

Sue Style finds some bolt-holes for busy people

Picture a long, white building standing alone at the edge of a deserted beach. Gulls wheel, oyster catchers chase in and out on the receding tide. A solitary figure bends low to collect shells, the occasional jogger trots past.

The waves, white-topped, roll in. Across the bay sailing boats weave and tack. This is the Hotel de la Plage et Sainte Anne-le-Palud in Finistère, on the magnificent Crozon peninsula.

It is a characteristically understated sort of place. If you relish windy walks on the beach, wonderful food, and a clean break from traffic, noise and people, look no further.

Monsieur and Madame le Coz are the hosts, the third generation of the family to run the hotel since Monsieur's grandparents founded it 70 years ago. A double

room costs between FF800-FF1300 (£85-£140) and Relais-et-Chateau membership ensures an international clientele: guests come from France, Britain, Belgium, Germany and Switzerland, with a sprinkling of customers from Italy and the US.

One of France's great hiking trails (*les Grandes Randonnées*) goes past the hotel: Douarnenez is 29 hours one way, the Menez-Hom landmark a more ambitious walk the other. In summer you can indulge in some gentle bucket-and-spading, take a brisk dip, in the ocean or go for a sail. The attractive market town of Quimper, the heart of the Crozon peninsula, is all within striking distance.

In summer, for FF96, you can have lunch on the terrace in front of the hotel. At dinner the main restaurant,

with its legendary view out over the beach and bay, comes into its own. Save room one evening for the Menu Neptune at FF450: lobster (for which a magnificent bib-and-tucker and sundry weaponry are provided), followed by a choice of turbot or pigeon with *foie gras* and an impressive selection of cheeses and desserts.

Blue glass beads lie on the tables like pebbles on the beach; for most guests, they serve as almost irresistible worry beads. Marie-Thérèse, a sympathetic waitress-housekeeper-nanny figure of many years' standing at the hotel, takes infant French gourmets through their paces with the cheese trolley, initiating them into the delights of *carnement au lait*.

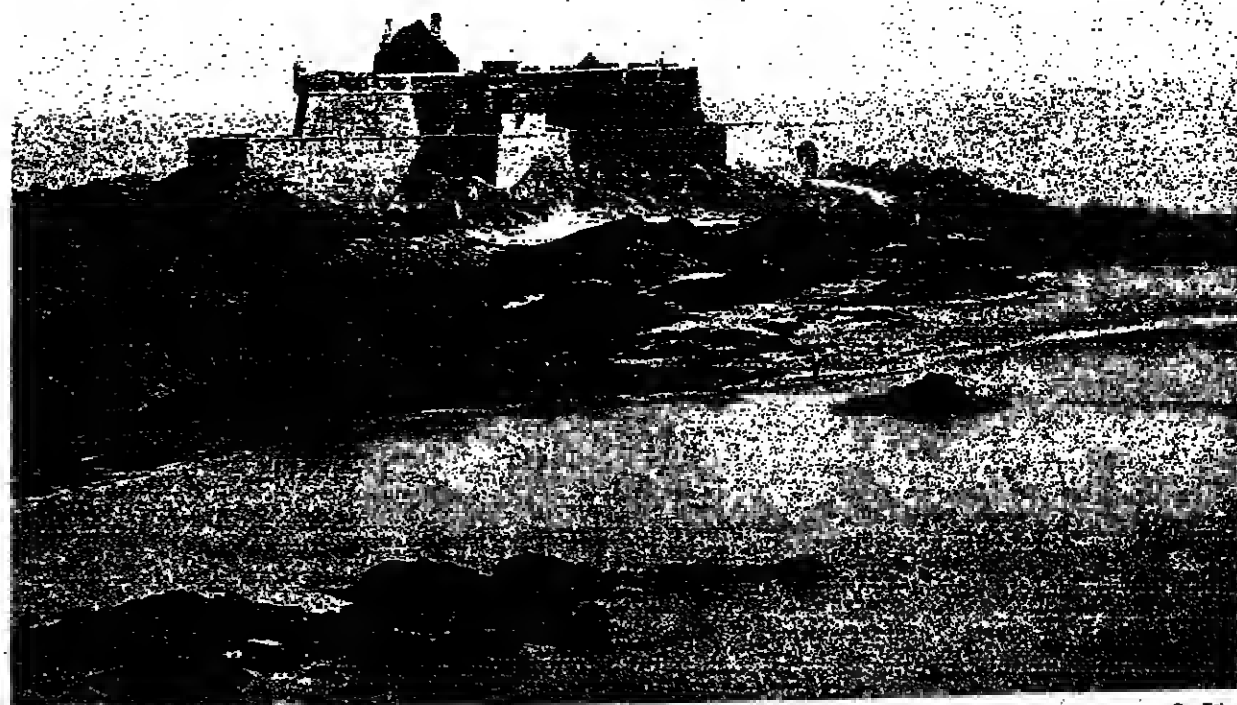
(Out on the beach, infant Britons are taken through their paces with cricket bat and ball, and feast on Marmite sandwiches. It's all a question of

focus.) At around 9.30pm in mid-summer the waiter moves to the window, the blinds are raised and the curtain goes up on a show-stopping performance of the setting sun. As winter draws on it is nice to think of these things.

The sunsets are also superb up on the north coast at Cancale, with the added bonus of views over the bay of Mont Saint Michel. Here Olivier Roellinger's Maison de Bricourt makes another great destination for a getaway-from-it-all gourmet weekend. There is a top-class restaurant in a little 18th century town house and two hotels from which to choose: Les Rimaux in town and the Château Maison Richeux further round the bay. The former (with only six bedrooms, FF1550 and FF1750) is cosy and intimate, the atmosphere a bit reminiscent of a private house party.

Guests are looked after by Madame Annette. Trivial Pursuit, decks of cards and newspapers in various languages are scattered about the house. There are stunning views over the bay and the Cancale oyster beds below, and the restaurant is within walking distance.

The Château Maison Richeux, set on a cliff-top with distant views of Mont



You are now entering Brittany: the fort at St Malo

St Michel, is the crowning folly of the Roellingers - as they themselves, rather disarmingly, describe it. Built originally in the 1620s, it is reminiscent of the sort of timbered and turreted mansions you see at Deauville and Trouville. Rooms range from FF750 to FF1350 and the hotel has its own restaurant, Le Coquillage. Here the

food is somewhat lower key than in the town restaurant, though provisions are centrally purchased and the cooking overseen by Roellinger.

The garden has also been restored to its former splendour: planted with numerous old varieties of fruit trees (complete with bees to pollinate them), it also boasts a

purpose-built, wood-fired oven in which all the house breads are baked. Both the Maison de Bricourt and the Hotel de la Plage are havens of peace, essential bolt-holes for the busy. The next time things get too much, clear your desk, stow the mobile phone, and pamper yourself for a long weekend - or longer.

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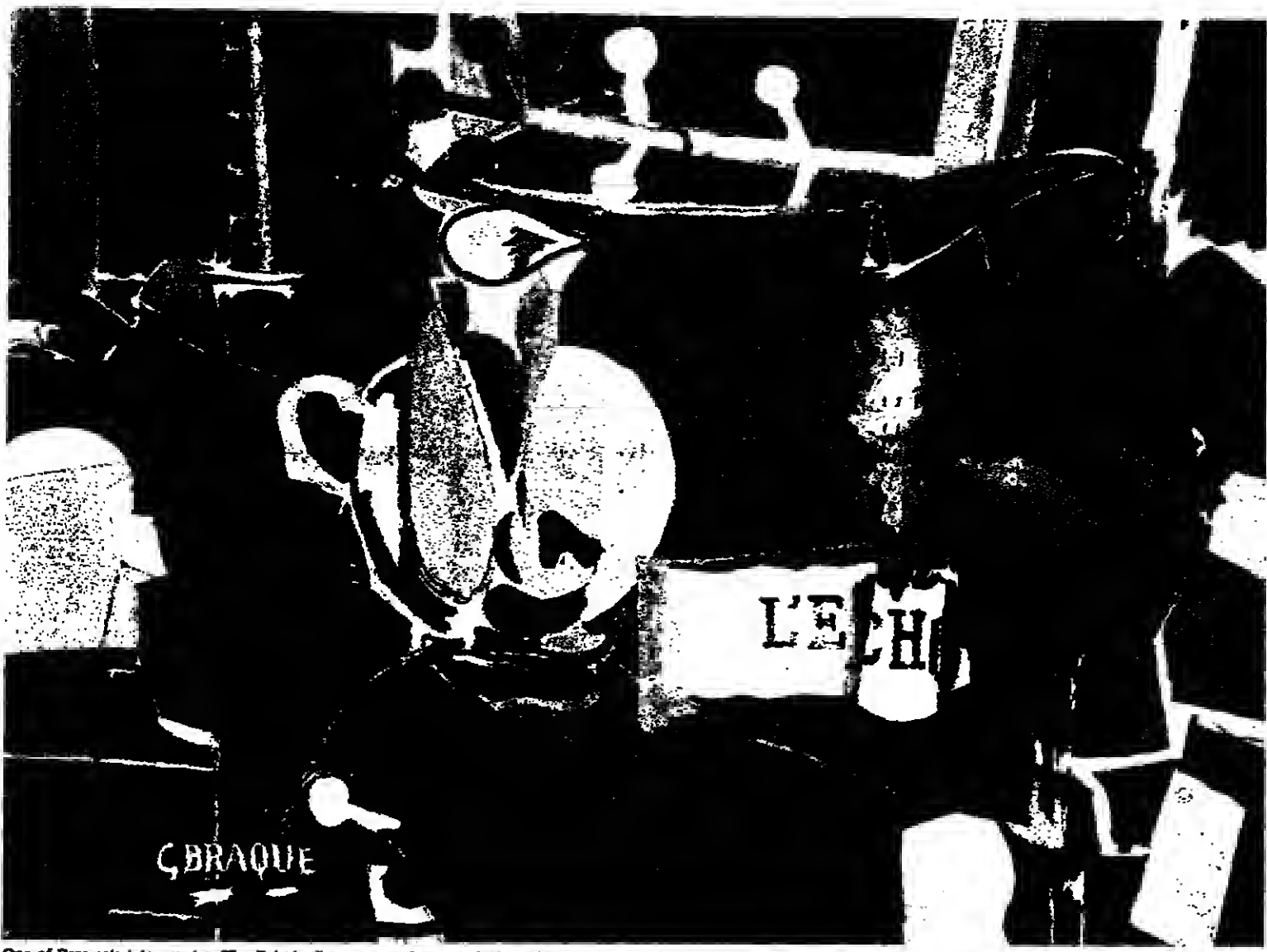
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## TRAVEL



One of Braque's later works, 'The Echo', oil on canvas from a private collection

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Pays de Caux

## A brush with Braque

Antony Thorncroft traces the artist from London's Royal Academy back to France

Gauguin and Tahiti, Constable and Suffolk, Van Gogh and Provence.

Braque and... Until recently, anyone anxious to understand the paintings of this great French artist, Picasso's cum and the creator of Cubism, through the environment in which he worked, would have been confronted by a studio in a Parisian back street.

Braque was notorious for not leaving his workplace, for painting the objects at hand, a procession of still-lives and interiors. All that has changed, thanks to an eye-opening exhibition at the Royal Academy which uncovers Braque's long overlooked later years.

It seems that the serious, respectable, old work-horse did get out and about, and the countryside where he spent his summers, and which revitalised his painting, was the Pays de Caux, the coastline west from Dieppe going into Normandy.

This region is eminently accessible to his British fans, either via a two-hour catamaran ride from Newhaven, or a meander down the coast from Boulogne or Calais, taking in the seductive charms of Etaples, Le Touquet, and Valéry sur Somme, the medieval port from which William embarked to conquer England.

No one visiting the RA show can fail to notice the switch from the formal, meticulously drawn but soulless, still-lives in the main galleries, and the small, intimate, seascapes and landscapes inspired by his months in Varengeville, the coastal village outside Dieppe where Braque built a house in 1931.

The poet Jacques Prévert summed them up: "dark salt clouds, sunlit shores, the skeletal plough, an earthly wreck, carcasses of boats, debris of the sea". These are the paintings: linear, brooding, evocative, naturalistic, a relief of emotion after the formal brilliance.

Visit Varengeville and it all comes to life. The village is 15 minutes from Dieppe, off the main road, a struggle of lanes and hedgerows, vaguely Devonian and seemingly prosperous. The houses mix neat modern bungalows and wood stripped, wattle and daub, Normandy cottages, plus red and white brick-lined fortified mini-manor houses, audaciously turreted.

One particularly beguiling lane is signposted "La mer" and leads down through the narrowest of gaps in the cliffs to the sea, a thrashing day on a winter's day with its black stones and white boulders, the high cliffs of Dieppe in the distance and a wrecking beach stretching along the shore. The horizon seems very close and the desolation that Braque conveyed in his

paintings seems very real. But there are more than images of Braque in Varengeville. He chose to be buried here, along with his wife of many years, and his tomb in the village churchyard is modest, a marble slab on which is mounted a mosaic of a bird in flight, the bird that featured in so many of his later paintings.

The church is remarkable in itself, perched on a promontory at the end of the road, high above tumbling waves to the sea. It has Norman vaulting and a vast 16th century porch.

It also has a stained glass window by Braque, bright cheerful blues forming the branches of a tree bearing the names "Jesus, Marie, Jesus". Here the religiosity of Braque is given free expression.

On the outskirts of the village there is more of his stained glass, in the chapel of Saint-Dominique. This is a different experience. While the church is cheerful and blustery, the chapel, a converted barn, is a clever pastiche of medieval gloom, lit by candles. Braque's windows filter the light through browns and yellows. The atmosphere is reverential

Braque's windows filter the light through browns and yellows. The atmosphere is reverential

yet it was this experience of working in stained glass in 1933 that lightened up his palette for the studio paintings.

Braque's home and studio is not accessible but Varengeville has an alternative attraction for British visitors, one of the first houses designed by Sir Edwin Lutyens with a garden by Gertrude Jekyll.

Le Parc des Moutiers was built by an Anglophile in 1898 and recreates an 18th century English garden and park, but with vistas replicating paintings by French artists such as Poussin and Claude. No modern roses are allowed to break the antique pastiche.

What makes it on-English is its situation - on the edge of deserted, precipitous, cliffs. Throw in a 16th century manor house, and Varengeville is a notable show place and melting stop. The village inn dispels the rumour that French cooking has gone micro, with a F&F77 menu offering oysters and fish soups, soles and steaks, salads and cheeses, and fancy desserts, served by the owner on tables crammed with local produce.

You can stay in the Auberge or in Dieppe, which

is pulling itself out of its recent decline and stripping itself back to its past, when it was a great buccannier's port.

The old city walls may have gone but the 16th century castle still broods above the town and contains its own tribute to Braque - an extensive collection of his prints on permanent display.

If you want to stretch your

artist-hunting beyond a weekend, the "alabaster" coast offers a string of small fishy and boaty resorts, like Vieux-les-Roses and St Valéry-en-Caux, plus sheltered valleys with quiet villages inland. This is comfortable countryside, a mix of hills and plains, very rural but dominated by the sea. Braque appreciated the ever changing luminosity of

Varengeville and was equally taken by the inland vistas, painting brown earth as well as grey sea, crows as well as gulls. In 1961, near death, he acknowledged the threat of the Varengeville approach, hid the phial in the most extraordinary fashion: he slit open his right leg, inserted the tiny container, bound the wound and continued his journey.

Skiing  
Holy blood at the heart of a village

Arnie Wilson visits one of Klammer's old haunts

The valleys used to provide one-tenth of the world's gold production, but now snow provides Hellingenblut with its livelihood and has twice altered its history.

On January 21 1951 - before it had even opened as a ski resort - so much snow fell in the mountains above the village at Seppelalm that an avalanche crashed on to the houses and tiny streets more than 3,600ft below. Twelve villagers were killed.

Today, the ski slopes are riddled with avalanche fences and pyramid-shaped snow barriers to prevent anything like it ever happening again.

Even more dramatic events took place earlier in the history of this quaint Austrian village in the Hohe Tauern national park, reputedly the largest in central Europe, with more than 300 mountains and almost 250 glaciers.

In early 10th century Constantinople, according to legend, an unnamed miscreant slashed at a crucifix (another version says it was a portrait of Christ) with his knife, and to everyone's astonishment, "blood" began to gush from the jagged hole.

Onlookers gathered the liquid in a glass phial which found its way into the possession of Briccius, a Danish mercenary.

When Briccius started his long journey home from southern Europe to Scandinavia, soldiers were sent in search of him to try to persuade him to return the precious liquid. The Dane, warned of the soldiers' approach, hid the phial in the most extraordinary fashion: he slit open his right leg, inserted the tiny container, bound the wound and continued his journey.

But on the high Alpine old Roman road beneath the Grossglockner, Austria's highest peak at 3,798 metres, Briccius was killed by an avalanche (or in a snowstorm, according to another version).

Farmers bringing hay down to the valley by sledge from the high pastures found his body in bizarre circumstances. According to the legend, they saw three ears of wheat sprouting unseasonally through the snow. They dug up the wheat and discovered the body of Briccius.

Then, the day after burying him in the village cemetery, villagers saw his leg sticking out of the snow and, looking more closely,

Villagers found the phial of holy blood still hidden in the flesh

they found the phial of beilgenblut, or holy blood, still hidden in the flesh.

When they later discovered how it had got there, they built a church, completed in 912 and displayed the phial. They also carved a wooden figure of Briccius. The present church, completed in 1492 on the same site, still displays both the "holy blood" (close to the altar) and the statue (in the crypt).

Most people who visit this quiet little ski village in the north-west tip of Carinthia remain oblivious as to how it got its name. But there is plenty more to interest them in the mountains above the church of the Holy Blood.

The lift linking the resort's two main areas - Schareck/Viehhühel and Gjaltdroghöhe - is like something from a movie. Eleven gondolas are linked together like a train and run almost a mile through a rock tunnel from Rosbach to Eleissalm, at the base of what must be Austria's longest T-bar, which takes skiers for a 2km ride up to the summit at Gjaltdroghöhe (2,988m).

There is another way to reach these windy slopes - but only via the daunting ski route descent from Schareck (2,604m). And to get home at the end of skiing, the only way is through the Tunnelbahn.

Hellingenblut, which opened in 1953, has quite an impressive ski area for a small village which only runs to 10 full-time instructors. There are 14 lifts (including the tunnel shuttle and two gondolas) serving mainly blue and red runs, many of them surprisingly long, plus some significant off piste.

As a boy, former ski racer Franz Klammer, Carinthia's favourite son, used to travel the 100km here from his home near Bad Kleinkirchheim to race. Last week-end, in a nostalgic gesture, he returned once more as a forerunner in just the kind of children's race he used to win so regularly as a child.

Then we gathered for a typically Carinthian hot cranberry schnapps - blood red, of course.

Arnie Wilson's visit to Hellingenblut was organised by the Austrian National Tourist Office, 30 St George Street, London W1R 0AL. Tel: 0171-629 6146. He flew with Lufthansa Air (0171-630 5924) and stayed at the four-star Hotel Villa Kniser Franz-Josef.

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For a long time, we had been driving deep into the unlit Hungarian countryside, the border with Romania drawing ever closer. We intended to cross not far from Timisoara, that bloody symbol of Romania's struggle to overthrow the despot Ceausescu.

The road ahead, on this starless night, lay dark and empty. But not for long. The rear of an unlit truck came into view. It proved to be a transcontinental leviathan, parked nose to tail with hundreds more like it. The hindmost clearly faced a wait of days to cross the border.

We were luckier. But as the crossing point, an eerie island of light, receded into the blackness, our swinging headlights picked out a small and solitary boy. Aged eight at most, he was painfully thin, ragged, filthy and barefoot. But he was leaping up and down and cheering mightily.

We could not stop - we were competing in the 1993 London-Sydney marathon - but the questions have stayed with us. There was no habitation for miles, so where were his parents? Or was he one of Romania's wandering orphans? How did he live? And how, in such circumstances, could he summon up such a joyful, extrovert enthusiasm?

Even in the 3½ years since that encounter, much has changed for the good in Romania. Yet, although little more than a day's drive from Austria, it is still a step back of years in terms of motoring.

The roads are, almost without exception, poor. A rural Romanian pothole is called a crater elsewhere. But much of the countryside is green, varied and attractive, contrasting with villages half torn down and scarred by Ceausescu's attempts to destroy an entire rural culture. Outside Bucharest and the

## On the Road in Eastern Europe Indulging a sense of adventure

Taking a car into the former communist fiefdoms has become much easier, says John Griffiths

larger towns, horse-drawn traffic considerably outnumbers car and bus. For miles, roads lie mostly empty; the only "jams" are caused by flocks of long-haired, evil-smelling sheep.

To explore Romania by car is thus to enjoy - or more frequently, perhaps, to endure - a sense of adventure simply not available on the well-beaten motoring holiday routes of western Europe. Getting there requires only an easily obtainable visa and some fortitude in terms of hotel accommodation. Unleaded petrol is available widely.

Like other central and east European states, for many years Romania was a closed door to casual visitors. Now the door is open in nearly all of them, the temptation is strong to take a car and examine what lies beyond their frontiers.

Such adventures do require caution. The bureaucracy/autocracy culture lingers. To enter without documents clearly proving ownership, insurance and intention to take the car out again is to risk interrogations, delays and - in extremis - vehicle impounding. A motoring package holiday such trips are definitely not.

Indeed, in Russia and the countries of the CIS, individual travel by car is still restricted. Accommodation must be booked and routes planned beforehand, and both must be listed on your visa and the mandatory "Autotourist" itinerary card.

Visas are not normally issued to individuals unless booked through an accredited tour group. Then, too, you are advised to take a diesel car since unleaded, or even reasonably high-octane leaded, petrol is hard to find outside Moscow (standard issue is just 75 octane).

And be warned: car-related crime is high. If undeterred, contact Independent Travel Department, Intourist Travel, London. Tel: 0171-538 5535.

The roads are poor. A rural Romanian pothole is called a crater elsewhere

Elsewhere, however, efforts to tap motoring tourism are being made with zeal, especially in the Baltic states of Estonia, Latvia and Lithuania. These tiny nations between them have created the Via Baltica, along with a fledgling tourism structure.

Running north-south for 430 miles between Estonia's capital, Tallin, and across the Polish border into Warsaw, it provides ready access to the Baltic states' other capitals, Riga and Vilnius.

Not long ago, fuel availability and accommodation remained a major problem. Now, a Finnish oil company, Neste Oy, has set up a chain of western-style, 24-hour petrol stations with their own breakdown assistance and other comforts for the traveller along the entire length of the Via Baltica. Visa, Diners Club and Eurocards will do nicely.

Accommodation standards are rising sharply as well, and in the capitals at least, a broad spread in terms of price and comfort has become available. Intourist remains the main booking and advice route (see telephone number above), although all three Baltic states have national motoring organisations more than willing to provide detailed advice. No visas are required in

Estonia, Latvia or Lithuania. A further word of warning, though: to enter the old, elegant cities of Tallin and Vilnius, motorists must pay an entrance fee. And they must forswear even a single glass of wine: the blood alcohol limit is zero.

Hungary, the Czech Republic, Slovenia and Bulgaria are tapping into the motoring holiday mainstream, too. Lake Bled, for example, is sited spectacularly amid the mountains and forests of north-west Slovenia. Although a long drive, requiring transit through Austria, it is a near-paradise for motorists and hikers. Hotels such as the Ribno and Park require no compromise from western standards.

No visas are required and some leading tour operators, such as Crystal and Lugmans, are happy to adapt their usual flight-based holiday packages to Hungary, Bulgaria, Slovenia and the Czech Republic to the needs of motorists travelling on their own.

Bulgaria presents more than the usual challenge. Nestling alongside Turkey, it remains a land of deep political tensions and even hardship for many people. Yet life is fascinating and diverse and the capital, Sofia, is rich in music, drama and ballet.

Less than two hours' drive from Sofia are the mountain and forest regions of Rila and the vacation towns of Borovets and Pamporova, already starting to smother of package tourism. But to point the car into winding mountain roads and their villages is to sample a way of life that has not changed much - except for a burgeoning wine industry - in centuries.

For further details, you are recommended to read *Motoring in Europe 1997*, RAC Publishing, RAC House, P.O. Box 100, South Crofton, Surrey CR2 6XW.

## Sentimental Journey You can't beat a real banger

Steve Cropley recalls his first car - romantic and highly impractical

When my 16-year-old son gets his driver's licence next year - and statistics say he will take a couple of attempts to do it - he will get his own car. It will be a small hatchback of the Ford, Vauxhall or Rover persuasion, undistinguished in specification or colour and with the smallest engine money can buy.

I know these things because my son and I have been putting practical thought into the matter. We have concluded that the Fiesta-Corsa-Metro route is the only one that can both meet our budget and clear all the hurdles which insurers place in the path of 17-year-old male drivers.

Our boy knows he will not be driving the family car for a while. We have a Ford Galaxy MPV (insurance group 12 - out of 21), whereas low-powered superminis are in group 2 to 4.

My wife and I would have to pay a lot to add a 17-year-old to our insurance, and he would not be earning the no-claims bonus he will need when he wants to move to a better car.

Economics aside, the harsh truth is that 17-year-olds have accidents, as any street-corner actuary will confirm. I am not keen on my son depositing the family car in a ditch and leaving the rest of us marooned in rural Gloucestershire or waiting for a local panel-basher to sort things out.

My own preference for Jonathan is a Fiesta. Common on dealer forecourts and in auctions, they are reliable and fun. For the past few years, every Fiesta has come with a standard driver's airbag.

In short, our supermini plan has Good Sense written all over it, and I can honestly see no better way. Yet, I will still have pangs of regret when I write that cheque.

Why? Because it was all so much more fun when I bought my first car. It was the seminal experience of my motoring life - and now, here is my boy sentenced to a Ford Fiesta when my own contemporaries had hot Minis, wheezing old Jags and TR2s. One even owned a home-built Lotus Seven.

In my day, you bought a banger. It cost £200, smoked whenever you ran it, leaked oil on your girlfriend's parents' drive and had to be parked on hills because you could not afford a new battery.

To me, that was the golden age of motoring, and it prevailed from the 1960s (when worn-out cars became cheap) to the later 1980s (when a much tougher MoT roadworthiness test sent them packing).

Responsible voices will argue that the world is a better place without them. It is safer, undoubtedly. Yet, I believe our bangers taught us resourcefulness and mechanical ability. Mine were always the centre of my life and, invariably, I ran a cooler set of wheels than any modern supermini costing 10 times as much.

Back in the 1960s, new to university, I met a fellow called Barry who had just paid £85 for a Hummer hearse in fair health but with an appalling thirst. Along the side we stencilled:



"Barry's Budget Burials - Stop The Driver for Free Measure and Quote."

After that, Barry was never again troubled by his big black barge's Olympian fuel consumption. His swelling band of friends and well-wishers went everywhere with him and, naturally, contributed to the petrol costs.

Another fine exponent of banger theory would pitch up at my old high school (in outback Australia) in a 1927 Chevrolet Tourer, bought new by his grandfather and kept in the family for 40 years.

At the time, an E-type would not have had more cred. We used to terrorise the main drag of our town, hanging off the running boards like G-men.

Another friend did his game best to trap schoolgirls with a Triumph Herald convertible, but the car was so sadly ruptured under the bonnet that

I am not keen on my son depositing the family car in a ditch and leaving the rest of us marooned

it hardly ran and its hand-applied paint, a kind of hearing aid beige, did not help.

My own first car was a 1948 Ford Beetleback four-door saloon, a Detroit-built model with a V8 engine and a Stromberg carburettor the size of a suitcase. Even contributions from passengers could not always keep it on the road; our pocket money just could not keep up with its thirst.

The game old car, sorely tried for a year, blew up in my last week as a schoolboy. Its 2-tonne bulk was towed to the scrapyard, doubtless to be recycled into four or five Datsun Bluebirds. With exquisite fondness, I will always remember its last journey.

All of which is why I cannot help feeling that, as a first car, a Ford Fiesta is all very well. But you cannot beat the real thing.

Steve Cropley is editor of *Autocar*.

## Road Test

## Saxo appeal? It's got the lot

Stuart Marshall (and his wife) find Citroën's supermini both potent and affordable

Delegation, they call it Citroën UK sent me a small, automatic, five-door with power steering to try. I thought it might be the ideal car for the mature woman driver who, reasonably enough, cares little what she drives so long as it is compact, comfortable, parks easily and is effortless to handle.

So I did the sensible thing and handed it over to my wife to evaluate. But, after a few days, I found that getting her out of the driving seat was nothing like so easy as getting her in.

We were off for a round of golf. "No, thanks: I will drive you," she said. My clubs and Hill Billy (for the uninitiated, a folding but still space-consuming electric trolley) are already in the back. I am sure there will be tons of room for your

bag and trolley as well." She was right. With the rear seat folded down, estate-car style, there was.

"This little car," she said, proceeding smartly along the B2069 towards Dale Hill golf complex in East Sussex. "Has all the nice things you expect to find in bigger, dearer ones. Remote central locking, driver's airbag, a keypad engine immobiliser and a decent sunroof, for example. And power-operated windows and door mirrors."

I haven't tried this electro-hydraulic power steering before. It's incredibly light for parking but nice and positive on a winding road like this one. I think the Saxo rides very well for a small car. The automatic transmission is smooth, acceleration is nippy and there always seems to be engine power to spare.

"And," she added, "these are proper Citroën seats: quite soft but supportive. I've never understood why some car-makers tell you that hard ones are good for you. It is rather like saying that only a horrible-tasting medicine makes you better."

We were off to golf. 'No, thanks: I will drive - you can read the paper'

We had a very good round, even if my wife did beat me. And I was allowed to drive the Saxo back home. It proved to be everything she had said. I reckon a two-pedal Saxo

1.6i VSX (list price £10,930) would transform the life of any motorist who finds driving a disagreeable but essential chore and has not yet discovered the delights of power-assisted steering and automatic transmission.

At the other extreme of the 16-strong Saxo model range are a couple of three-door hotshots, the 120-horsepower VTS and its less muscular sibling, the VTR, which has a 90hp engine - the same as that in the Saxo automatic.

On the road, there is not a huge amount of difference between VTS and VTR in perceived performance. Test track figures show that, at 7.2 seconds, the VTS is just over two seconds quicker from 0-60mph (0-96kph) than the VTR (9.3 seconds) and peaks at 127 mph (204 kph) against 116 mph (187 kph). Citroën claims the Saxo

VTS, which sells for £11,965, outperforms any of its rival superminis and that even the less-potent VTR out-accelerates a VW Polo 16-valve and Ford Fiesta Si. (Citroën murmurs that the 1.6-litre VTS would show a clean pair of heels to that archetype of small, hot hatchbacks, the 1.9-litre Peugeot 205 GTi.)

The figures will quicken the pulse of many a 17-year-old, dreaming of having his own car instead of just being allowed to drive mother's ageing Metro when she does not need it for shopping. But to look at them in isolation is to miss the point of the Saxo VTS and VTR.

With wider than normal track, larger diameter anti-roll bars at front and rear and ultra-low profile tyres, they steer, handle and hold the road as only limited



The new, high-performing Citroën Saxo VTS: a young man's dream - and his mother's, too

production supercars did a few years ago.

Driven responsibly, the VTS is as safe as it is swift. There are disc brakes all round with ABS and, should the worst happen, twin airbags, pre-tensioned front seatbelts, and a passenger cell protected by crumple zones and reinforced roof.

The 16-valve engine that spins so eagerly up to high

revolutions has plenty of pulling power lower down. Combined with fairly low gearing, it makes the Saxo VTS not in the least fidgety in traffic.

Nor is there any real need to send the rev-counter needle swinging round the dial by over-enthusiastic use of the close-ratio gearbox.

I must, however, end with a cautionary note. If driven

irresponsibly - say, by a young man with limited experience and inflated ideas about his skill - small, affordable and potent hatchbacks such as the Saxo VTS can be anything but safe to their occupants and other road users.

It cannot be said too often that the most dangerous component of any car is the nut behind the wheel.





## Rowing

# All-conquering coxless pair spread their oars

Steve Redgrave and Matthew Pinsent are looking to expand into a foursome, says Keith Wheatley

**B**anyoles, a lakeside town in the hills north of Barcelona, will see some rather tense auditioning in the coming weeks. British rowers Steve Redgrave and Matthew Pinsent are looking to expand their all-conquering Olympic coxless pair into a foursome.

A number of potential new partners will row with them at the Spanish training camp. It is hard not to assume that two ambitious youngsters are about to win the rowing lottery and head towards stardom aboard the boat of the most successful oarsman in history.

Redgrave has won four consecutive Olympic gold medals – a feat unmatched in Britain and only achieved by four athletes in the 100-year-history of the modern Olympics. The reality is more complex, explains Redgrave in a break from winter training at the historic Leander Club in Henley-on-Thames, west of London.

"Of the six rowers besides ourselves, four of them have been to two Games and five are junior gold medalists so they're all pretty good athletes," he says, trying to keep his voice down. We are in the Members Bar at lunchtime. "There's quite a few of them sitting around here at the moment."

As my next question involves the qualities the Olympians will be looking for in their newcomers, the aspirant ears begin to flap and the room goes quiet.

"You don't pick your mates. You pick people who make the boat go fast and make them your mates," says Matthew Pinsent. Although the "junior partner", coming on board seven years ago and winning gold medals with Redgrave at Barcelona and Atlanta, this Etonian and former president of the Oxford University Boat Club has strong views.

"If you're not detached about it you get into a very sticky situation quite early on. If you start choosing people because you like them, or not rowing with people because you don't think you like them, then you're heading into disaster," he says.

"You've got to pick people on their ability or, even more important, what they're capable of doing in the near future. It's not about personality or anything like that."

Isn't compatibility important, I wondered? Redgrave and Pinsent

train together every morning seven days a week, 50 weeks a year. In the late 1980s, when he rowed with Andy Holmes, Redgrave had the reputation of being a tricky partner to spend so much time with.

"That aspect does affect the longevity of the unit," concedes Redgrave, somewhat grudgingly. He is not a talkative man and guards the secrets of his arcane trade. It was not until quite recently that he admitted to being dyslexic and having trouble even reading bedtime stories with his small daughters Natalie and Sophie.

"If you're looking to row with someone at a high level for maybe six or seven years then you have to get on with them. Matthew and I developed a working relationship after three or four years that was capable of carrying us over into a longer spell," Redgrave expands. "That doesn't mean you need that

friendship and enjoyment of one another's company at Day One."

Pinsent laughs somewhat harshly. Clearly there is a bit of personal history here. "If you get on well with someone, enjoy their company, then go and play

suggest. Despite the thousands of hours pumping iron together in Leander's shabby gym, the endless days paddling up and down the river Thames with no one else to talk to, their primary commitment seems to be to the sport and coach Jürgen Grobler rather than directly to each other.

It shows through in the fact that when Redgrave decided to rescind the most conspicuous resignation in recent sporting history, it was Grobler he told rather than Pinsent, the man he won the medal with. Redgrave is unabashed at a procedure most of us might find curious.

"When Jürgen told me Steve was planning to carry on, my first response was 'Not as a pair we're not,'" admits Pinsent. "It was a priority for me to change the guidelines and move it about a bit. Four years until Sydney is a long time."

Redgrave's remark uttered immediately after the Atlanta

**'When Jürgen told me Steve was planning to carry on, my response was "not as a pair"'**

golf together," he urges. "Don't risk rowing the Olympics with them, because you and your mate are going to go down the tubes if you aren't fast enough."

Their relationship is obviously complex, not as close as the fruits of the partnership might

Was he teased much about his volte-face, I ask?

"No. First time it's been mentioned," says Redgrave, with an utterly deadpan expression, before billowing into gales of laughter.

According to Pinsent, even the Queen ribbed Redgrave when they went to Buckingham Palace to receive their MBEs.

Sponsorship from British finance house Lombard was a leading factor in persuading Redgrave to take a crack at Sydney and the unprecedented achievement of five consecutive gold medals. At 34, he says he felt he owed it to his family to begin a proper career. However, with a four-year package worth up to £1m on the table that pressure eased.

Redgrave took three months off training after Atlanta, his longest period away from rowing since his teenage debut. Busy with TV programmes and professional work, he returned to the river feeling fit and relaxed.

"It was the longest lay-off I've had for about 12 years and I felt fit," Redgrave says. "But as an athlete if you feel on top of the world and fit then you probably aren't. Athletes are mostly wandering around in a walking daze, struggling to keep off illness because you are pushing your body all the time. Trying to get the improvement."

"You think you know what the limits are but you're always at the ragged edge."

## Rugby

## Tall order for S Africa's Mr Fixit

John Perlman on the latest controversy to hit the World Cup holding nation

**W**hen South Africa's minister of sport Steve Tshwete was on Robben Island, jailed for 15 years for planning armed resistance against the apartheid state, he would bemuse and irritate other political prisoners by switching the radio on Saturdays over to broadcasts of 30 white men playing rugby.

He would, in particular, never miss matches involving his beloved Western Province, who played at Newlands stadium just across Table Bay. Tshwete's missionary zeal for the game extended to the prison playing fields.

"We were in a minority, we rugby players, and we encountered resistance from some of the guys who said it was the Afrikaners' game," he says. "But we won them over."

Winning people over has been Tshwete's rare gift – during South Africa's tortuous and tricky transition to democracy, he was known as "Mr Fixit". And the African National Congress, shrewdly identifying sport as a potentially rich seam of national unity, sent Tshwete out to mine it. Rugby, more religion than sport to many Afrikaners, was seen as the most intractable.

But as the late Dr Danie Craven, the game's supreme at the time, put it: "I think because Steve Tshwete also loves rugby he was able to understand our feelings."

South Africa's triumph in the 1995 World Cup turned, for one shining moment,

what had once been the oppressor's obsession into the people's game. But for several years before that, Tshwete's obvious love for the game – he comes from the Eastern Cape, where black rugby traditions are strong – was the sport's most important weapon in his bid for wider acceptance in the townships.

And after a week which has seen the Springbok coach Andre Markgraaff resign after a secretly recorded tape revealed his racist views to the nation, Tshwete once again is having to play Mr Fixit. Just days before Markgraaff's public shaming, Tshwete announced that his ministry would be investigating the financial affairs of the South African Rugby Football Union (SARFU).

Markgraaff, hugely unpopular for his axing last year of World Cup captain François Pienaar, was forced to step down after national television broadcast the tape on which he rages against "the kaffirs" who, he claimed, were fuelling the outrage at the revered skipper's treatment. Many South Africans, black and white, have grown to live with robust exchanges about race and prejudice, but use of the word "kaffir" signals a fundamental commitment to the ways of old.

On the tape, Markgraaff used the word often and with contempt. Ironically, the clandestine recording was made by Andre Bester, a rugby player with well-known extreme right-wing

links and no interest in exposing the racism that many believe still flourishes at the heart of South African rugby.

Bester cited "national interest" as his reason for releasing the tape. Make that "narrow interest". He was simply taking revenge on a man he claims went back on the promise of a top provincial coaching job.

Significantly, while most South Africans were stung by the Markgraaff tape, few were really shocked. Racism in rugby? After a year which has seen a remarkably rapid squandering of the immense goodwill inspired by the World Cup triumph, most see the episode as confirmation, not revelation.

First Markgraaff called up into his squad Henry Tromp, who had been convicted of whipping a young black man to death, using a fan belt as a lash.

Then there was a notable increase in the number of old South African flags at Test matches, and when the then team manager Morne du Plessis raised a mild objection, he was publicly rebuked by the South African Rugby Football Union.

And then Pienaar was dropped from the squad – and slapped in the face. Markgraaff did not even have the decency to let him know. With Pienaar's departure, the four key figures whose political sensitivity had made the World Cup an unimaginable success both on and off the field were now

out of South African rugby: chief executive officer Edward Griffiths had been sacked; coach Ritchie Christie retired because of ill health; Du Plessis left at the end of his contract without so much as a word of thanks. Many people saw this clear-cut as evidence that rugby was reverting to type.

Nelson Mandela, whose public embrace of Pienaar at the end of the World Cup remains one of sport's most enduring images, certainly made his view of this changing mood clear. He did not attend a single Test match last year. At his last press conference, Markgraaff claimed there was "an attack on rugby. It's an open secret that I'm target number one."

Few would share his view that the entire sport is under threat, a wilful delusion sadly reminiscent of the previous government which characterised every attack on its narrow interests as a threat to the entire society.

But Markgraaff is correct in suggesting that his demise will prove to be a bizarre interlude in a much larger and longer play. On one level, black sports fans – briefly distracted by rugby again – will return to their first loves, football and boxing, while rugby followers will agonise over whether Markgraaff's successor (likely to be his assistant Nick Mallett) is up to the challenge of a British Lions tour starting in May, and acid-test matches against Australia and the All Blacks thereafter.

But in the world of sport

and politics, the real story in the coming weeks is the showdown between Tshwete and the all-powerful president of Sarfu, Louis Luyt. Luyt has been in the middle of most rugby controversies in South Africa, and even when he has not been cast in the leading role, most people expect to find his name in the credits under director.

No surprise then when representatives of the ANC followed Markgraaff's resignation with a call for Luyt's.

The ANC said the incident was not isolated "but part of an ongoing saga involving allegations of racism, mismanagement, power abuse, lack of diplomacy and autocratic behaviour that has characterised Luyt's involvement in South African rugby".

Tshwete's probe of Sarfu has been prompted by the persistence of a little-known rugby official, Brian van Rooyen, who last year unsuccessfully challenged Luyt for the presidency of Transvaal rugby. Van Rooyen, who is black, presented Tshwete with a dossier which makes a number of serious allegations, including one regarding the television deal between the three big southern hemisphere unions and Rupert Murdoch.

Luyt's grip on the game has always owed more to power than popularity. And with professional rugby in full flush, power is fundamentally about money. If there is real substance in the Van Rooyen dossier, the investigation ought to hit hard at those who control



A tarnished memory: François Pienaar receiving the World Cup from President Nelson Mandela

South African rugby. But that will depend on how far Tshwete wants to take it. At the moment his probe has been set up as a task force comprising leading sporting officials. Their capacity to dig and delve falls some way short of the judicial commis-

sion of inquiry he called to investigate financial irregularities in South African football, which led to the axing of that game's leading figure Stix Morewa.

Whatever happens, the investigation looks set to drag on for months. But

even if it does produce some goods, or if Luyt resigns, it will take much more to restore the tarnished memories of that glorious day in 1995 when a Springbok captain and a South African president presented a nation with the Rugby World Cup.

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## INTERNATIONAL ARTS GUIDE

## What's on in the principal cities

## AMSTERDAM

## CONCERT

Concertgebouw Tel: 31-20-6718345  
● Houston Symphony Orchestra, with conductor Christoph Eschenbach and pianist Mitsuko Uchida perform works by Beethoven and Bruckner; 8.15pm; Feb 24

## EXHIBITION

De Nieuwe Kerk Tel: 31-20-6288168  
● Catharina, the Empress and the Arts: exhibition featuring 19 old master paintings from the collection of the Russian Tsarina Catharina the Great (1729-1796), including works by Titian, Botticelli, Rubens, Hals, Jordaens and Rembrandt. Alongside these paintings other art objects and personal belongings of the Tsarina are displayed; to Apr 13  
Stedelijk Museum Tel: 31-20-5732911  
● Markus Lüpertz: a large retrospective of the work of the German painter Markus Lüpertz. Among the works on display is "Golgatha" (1993), a major piece recently added to the museum's collection; to Mar 31

## BARCELONA

## EXHIBITION

Fundació la Caixa Tel: 34-3-458907  
● Oskar Schlemmer: this exhibition, the first Oskar Schlemmer retrospective in Spain, brings together a representative selection of works from all stages of his artistic career. On display are his cubist paintings, works which present his ideas on theatre and dance, as well as drawings done from the window of his house when the Nazi regime had labelled him as a degenerate artist and forbade him to work. Also included are filmed reconstructions of the Ballet Tridico and the Bauhaus ballets; to Apr 27

## BERLIN

## CONCERT

Berliner Festspiele GMBH Tel: 49-30-254890  
● Deutsches Symphonie Orchester Berlin, with conductor Marek Janowski and trumpet player Reinhold Friedrich perform works by Schenker, Mundy and Xenakis. Part of the Musik-Bienale Berlin; 8pm; Mar 1

## OPERA

Deutsche Oper Berlin Tel: 49-30-3438401  
● Die Entführung aus dem Serail: by Mozart. Conducted by Sebastian Lang-Lessing, performed by the Deutsche Oper Berlin. Soloists include Johannes Terner, Amanda Haugrison, Gwendolyn Bradley and Uwe Faper; 7.30pm; Feb 28  
Staatsoper Unter den Linden Tel: 49-30-20354438  
● Lulu: by Berg. Conducted by Michael Gielen, performed by the Staatsoper Unter den Linden. Soloists include Laura Ailin, Rosemarie Lang, Dagmar Pecková and Werner Rehm; 8.30pm; Feb 23, 26 (7pm); Mar 1 (6pm)

## BIRMINGHAM

## CONCERT

Symphony Hall Tel: 44-121-2002000  
● City of Birmingham Symphony Orchestra, with conductor Sir Simon Rattle, soprano Julianne Bane, bass David Wilson-Johnson, the City of Birmingham Symphony Chorus, BBC Singers and the City of Birmingham Symphony Youth Chorus perform works by Stravinsky and Henze; 7.30pm; Feb 27

## BONN

## EXHIBITION

Kunst- und Ausstellungshalle der Bundesrepublik Deutschland Tel: 49-228-9171200  
● Die Grossen Sammlungen VI: Zwei Gesichter der Eremitage: exhibition featuring works from the Hermitage Museum in St Petersburg. Included in the exhibition are 150 gold objects from the Scythians (7th to 3rd century BC) as well as works by late 16th century and 17th century Italian, Spanish and French artists. Featured artists include Caravaggio, Carracci, Fani, Velázquez, Murillo, de Ribera, Poussin, and Lorrain; to May 11

## OPERA

Oper der Stadt Bonn Tel: 49-228-7281  
● Die Zauberflöte: by Mozart. Conducted by Gustav Kuhn, performed by the Chor der Oper der Stadt Bonn and the Orchester der Beethovenhalle Bonn. Soloists include René Pape, Lothar Odinius and Rainald Lauke; 7.30pm; Feb 25, 28

## THEATRE

Kammerspiele Bad Godesberg Tel: 49-228-92080  
● Frühlings Erwachen: by Wedekind. Directed by Manfred Bellharz, performed by the Schauspiel Bonn (premiere); 7.30pm; Feb 28

## BRIGHTON

## EXHIBITION

Brighton Museum and Art Gallery Tel: 44-1273-603005



Fernand Léger's 'The Blue Dancer' 1930 on show in New York

● Goya: The Disasters: display of 18 prints made by Goya in his 70s, featuring scenes of witchcraft, war, deformed creatures and flying men; from Mar 1 to Apr 13

## BRUSSELS

## CONCERT

Palais des Beaux-Arts Tel: 32-2-5078200 (Concerts)  
● Maxim Vengerov and Igor Uryash: the violinist and pianist perform works by Mozart, Shchedrin, Tchaikovsky and Elgar; 8pm; Feb 27

## EXHIBITION

Palais des Beaux-Arts Tel: 32-2-5078466  
● De Kunst van het Verzamelen: major exhibition of 20th century works of art from the collections of five Dutch museums: the Van Abbemuseum (Eindhoven), the Haags Gemeentemuseum (The Hague), the Museum Boijmans Van Beuningen (Rotterdam), the Museum Kröller-Müller (Otterlo) and the Stedelijk Museum (Amsterdam). Artists represented include Picasso, Mondrian, Dijkstra, Nauman, Malevich, Braque, Léger, Dubuffet, Jom, and Kien; from Feb 26 to May 25

## CHANTILLY

## EXHIBITION

Musée Condé Tel: 33-44-570800  
● Raphaël et son Cercle: exhibition on the occasion of the centenary of the death of the art collector and donor d'Orléans (1822-1897), featuring 54 drawings by the Renaissance artist Raphaël and his pupils, including Giulio Romano, Bernardino del Vaga and Tiziano da Caravaggio. Alongside these are sketches by Raphaël, "modelled" by Romano, drawings formerly attributed to Raphaël and his circle and other works; from Mar 1 to May 29

## COPENHAGEN

## DANCE

Det Kongelige Teater - The Royal Theatre Tel: 45-33 69 69 69  
● Royal Danish Ballet perform Peter Martins' "Ash" to music by Tork, "Zakouski" to music by Rachmaninov, Stravinsky, Prokofiev and Tchaikovsky, "Barber Violin Concerto" to music by Barber and "Fearful Symmetries" to music by Adams; 8pm; Mar 1

## DUBLIN

## CONCERT

National Concert Hall Tel: 353-1-8711888  
● The Beltran, Barbara Kilduff and Nicholas Fowell: the tenor, soprano and baritone with conductor Mary O'Flynn, the Cantabrigia Avondale and pianist Brenda Hurley perform works by Bizet, Offenbach, Verdi, Frotow, Thomas, Bellini, Rossini and Donizetti; 8pm; Feb 28

## EDINBURGH

## OPERA

Edinburgh Festival Theatre Tel: 44-131-5296000  
● Die Fledermaus: by Johann Strauss (in English). Conducted by Nicholas Braithwaite and performed by the Scottish Opera; 7.15pm; Feb 25, 27; Mar 1

## FLORENCE

## CONCERT

Teatro Comunale Tel: 39-55-211158  
● Die Walküre: by Wagner. Concert performance conducted by Semyon Bychkov, performed by the Orchestra e Coro del Maggio Musicale Fiorentino. Soloists include Jane Eaglen and Robert Schunk; 7.30pm; Feb 27, 28

## FRANKFURT

## CONCERT

Jahrhunderthalle Höchst Tel: 49-69-3601240  
● Sinfonia Varsovia: with conductor Yehudi Menuhin perform works by Schubert and Dvorák; 8pm; Feb 24

## OPERA

Alte Oper Tel: 49-69-1340400  
● Genova: by Schumann. Conducted by Peter Gülke and performed by the Frankfurter

## LOS ANGELES

## EXHIBITION

Los Angeles County Museum of Art Tel: 1-213-857-6000  
● The End of the Century: Prints Since 1970 from the Collection: exhibition featuring 90 primarily American prints produced since 1970. Included are works by artists responsible for the boom in contemporary printmaking such as Andy Warhol; works that demonstrate the renewed interest in figurative art, such as those of Keith Haring and conceptual art including Jeff Koons; from Feb 27 to May 18

## MADRID

## CONCERT

Auditorio Nacional de Música Tel: 34-1-3370100  
● Orquesta Nacional de España: with conductor Miguel Ángel Gómez Martínez and soprano Marisa Xirri perform works by Brahms, Paganini and Beethoven; 7.30pm; Feb 28

## MILAN

## OPERA

Teatro alla Scala di Milano Tel: 39-2-88771  
● Wozzeck: by Berg. Conducted by Giuseppe Sinopoli, performed by the Orchestra e Coro del Teatro alla Scala. Soloists include Catherine Malfitano, Kim Begley, Franz Grundheber and Michael Howard; 8pm; Feb 28

## NEW YORK

## CONCERT

Carnegie Hall Tel: 1-212-247-8000  
● Orchestra of St. Luke's: with conductor Robert Shaw and mezzo-soprano Denyce Graves and Florence Quivar, sopranos Sylvia McNair and Jessye Norman, tenor Gregory Hopkins, pianist Norman Mackenzie and the Morgan State University choir perform works by Bach, Copland, Brahms and Saint-Saëns; 7pm; Feb 27

## HONG KONG

## CONCERT

Concert Hall/HKCC Tel: 852-27342803  
● Hong Kong Philharmonic Orchestra: with conductor Günter Herbig and violinist Anne Akiko Meyers perform works by Barber and Mahler; 8pm; Feb 28

## LEIPZIG

## CONCERT

Gewandhaus zu Leipzig Tel: 49-341-12700  
● Gewandhausorchester: with conductor Kurt Masur, soprano Noëmi Nadelmann, alto Hana Minutillo, tenors Peter Schreier and Helmut Klotz, baritone Jürgen Freier, the Rundfunkchor Berlin and the Gewandhaus-Kinderchor perform works by Janáček and Orff; 8pm; Feb 27, 28

## LONDON

## ART &amp; ANTIQUE FAIR

Royal Academy of Arts Tel: 44-171-4937438  
● The London Original Print Fair: Europe's only specialist print fair features some 20 dealers from around the globe. It offers buyers a choice of artists' prints ranging from early Old Masters to contemporary artists. This year's fair plays host to a loan exhibition of 30 Rembrandt etchings from the Rembrandt Trust, Amsterdam. The show covers Rembrandt's work, with biblical scenes, landscapes, self-portraits and nude studies; Feb 27, 28; Mar 1, 2

## PARIS

## CONCERT

Salle Gaveau Tel: 33-1 49 53 05 07  
● Suni Jo: the soprano performs works by Vivaldi, Paisiello, J. Strauss, Benedict and Bellini; 8.30pm; Feb 24  
Théâtre des Champs-Élysées Tel: 33-1 49 52 50 50  
● Wiener Philharmonisches Orchester: with conductor Daniel Barenboim perform works by Mozart and Bruckner; 8.30pm; Feb 23

## ROME

## CONCERT

Accademia Nazionale di Santa Cecilia Tel: 39-6-3611064  
● Orchestra dell'Accademia di Santa Cecilia: with conductor Myung-whun Chung and soprano Natalie Dessay perform works by Mozart; 7.30pm; Feb 23, 24 (9pm)

## SAN FRANCISCO

## CONCERT

Louise M. Davies Symphony Hall Tel: 1-415-864-8000  
● San Francisco Symphony: with conductor John Adams, soprano Barbara Bonney and the San Francisco Symphony Chorus perform works by Ravel, Satie, Debussy and Adams; 8pm; Feb 27 (2pm); 28; Mar 1

## SINGAPORE

## CONCERT

Victoria Concert Hall Tel: 65-3381230  
● Singapore Symphony Orchestra: with conductor Okko Carmu and pianist Joseph Kalichstein perform works by Sibelius, Mozart and Beethoven; 8.15pm; Feb 28; Mar 1

## STRATFORD-UPON-AVON

## THEATRE

Royal Shakespeare Theatre Tel: 44-1783-205301  
● Cymbeline: by Shakespeare. Directed by Adrian Noble, performed by the Royal Shakespeare Company. The cast includes Guy Henry and Ian Hogg; 1.30pm & 7.30pm; Feb 27

## SYDNEY

## EXHIBITION

Museum of Contemporary Art (Inc. Power Gallery of Contemporary Art) Tel: 61-2-241-5876  
● Keith Haring: the first major retrospective of the late New York artist, featuring 50 paintings, drawings and sculptures, providing an overview of Haring's work; to Mar 30

## THE HAGUE

## DANCE

Lucient Dansstheater Tel: 31-70-3609831  
● NDT3 - Nederlandse Dans Theater: perform "Trompe-l'oeil" to a collage of music, "If Only..." to music by Rachmaninov, "Compass" to music by Stockhausen, "No Sleep Till Dawn of Day" to music based on a traditional lullaby and "Double You" to music by Bach, choreographed by Jiri Kylian; 8.15pm; Feb 27, 28; Mar 1

## TORONTO

## EXHIBITION

Art Gallery of Ontario Tel: 1-416-979-6648  
● Edward Munch's "The Scream" and Popular Culture: exhibition exploring the myriad ways Munch's internationally recognised icon of angst has been developed in popular culture to express social and political commentary; from Feb 28 to May 25  
● The Symbolist Prints of Edvard Munch: Prints from the collection of Vivian and David Campbell: exhibition of prints by the Norwegian artist from the collection of Vivian and David Campbell. These Toronto collectors have acquired 58 prints by Munch, including such highlights as "The Scream", "Tingle-Tongue" and "Melancholy Girl on Shore"; from Feb 28 to May 25

## VIENNA

## CONCERT

Musikverein Tel: 43-1-5058681  
● Wiener Philharmoniker: with conductor Daniel Barenboim perform works by Mozart and Bruckner; 7.30pm; Feb 25

## EXHIBITION

Graphische Sammlung Albertina Tel: 43-1-534830  
● Barnett Newman - Druckgraphik: this exhibition - the first in Austria to be devoted to the American artist - features the complete graphic oeuvre of Barnett Newman (1905-1970), founder of the New York School of Abstract Expressionism. Like his paintings, Newman's graphic work, created in the 1950s, is characterised by monochrome colour fields and vertical stripes; from Feb 28 to Apr 20

## OPERA

## Metropolitan Opera House Tel: 1-212-362-6000

● La Bohème: by Puccini. Conducted by Nello Santi, performed by the Metropolitan Opera. Soloists include Fagetta, Leach, Fu, Schaldenbrand and Robbins; 8pm; Feb 28

## PARIS

## CONCERT

Salle Gaveau Tel: 33-1 49 53 05 07  
● Suni Jo: the soprano performs works by Vivaldi, Paisiello, J. Strauss, Benedict and Bellini; 8.30pm; Feb 24  
Théâtre des Champs-Élysées Tel: 33-1 49 52 50 50  
● Wiener Philharmonisches Orchester: with conductor Daniel Barenboim perform works by Mozart and Bruckner; 8.30pm; Feb 23

## WASHINGTON

## EXHIBITION

Corcoran Gallery of Art Tel: 1-202-838-3211  
● Milt Hinton: Jazz Photographers: exhibition of photographs by Hinton who began taking pictures of his friends in the 1930s and developed his photography career as a hobby while touring as a freelance musician during the late 1920s and early 1930s. During six decades, his collection grew to over 40,000 images depicting an extensive range of jazz artists and popular performers in varied settings; from Mar 1 to Jun 1

## OPERA

## Opera House Tel: 1-202-416-4600

● Elektra: by R. Strauss. Conducted by Heinz Fricke, performed by the Washington Opera. Soloists include Eva Marton, Ruthild Engert, Karen Huffstodt, Richard Paul Fink, James King, Margaret Mack and Christopher Scott Feigum; 7pm; Mar 1

## Listing compiled and supplied by

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## CHESS

Some months ago Garry Kasparov decided to cut his business and political interests and focus on being world champion. The fruits came a few weeks ago when he won Las Palmas, and even more this week at Linares where he took first prize for the most impressive victory of his career.

Final scores were Kasparov 8½, Kramnik 7½, Adams and Topalov 6½, Polgar 6, Anand 5½, Gelman and Ivanchuk 5, Nikolic 4½, Dreev 4, Shirov and Pliet 3½. The result was also a career best for Britain's No 2 Michael Adams. Failure can be a great spur, and Adams has found his best form since his disasters in the opening rounds at Hastings. He lost only to Kasparov at Linares, and cemented his place among the world top.

Controlled aggression, and a lucid mix of strategy and tactics, are the hallmarks of Kasparov in full flow. White's 6 Bc3 takes the game out of book lines where the champion is so strong, but once Black establishes a pawn at h3 with threats to the king, Shirov is always struggling. The end is a fine example of how to exploit a pinned piece

(Shirov v Kasparov).

1 e4 c5 2 Nc3 d5 3 d4 cxd4 4 Nxd4 Nf6 5 Bc3 a6 6 Bc3 Ng4 7 Bg5 h6 8 Bh4 g5 9 Bg4 Bg7 10 Be2 h5 11 Bxg4 Bxg4 12 Bg3 13 Qd3 Qc6 14 Bf2 e5 15 Nce2 Ne6 16 h3 g4 17 f4 h4 18 Bg3 h3 19 g3 Ne5 20 Qd3 Qd4 11 Rad1 f5 22 c4 Qa5 23 Ne3 Ra6 24 Rf1 e5 25 Nxc6 Bxc6 26 b4 Qa3 27 b5 exf4 28 Bxf4 axb5 29 cxb5 Qc5 30 Bc3 Qxc3 31 hxc6 Qxc3 32 Qxh6 Qxh6 33 Qd5+ Qxd5 34 Rxd5 Bc3 35 Re2 Re4 36 Kf2 Rf6 37 Rf3 Bf5 38 Rde2 Rxd3 39 Resigns. If 39 Rxe3 Rxe3 40 Kxe3 Bg5+ 41 Ke2 Bxd2 42 Kxd2 f4! and Black queens.

No 1168

White mates in two moves, against any defence (by O Würzburg).

Solution Page 11

Leonard Barden

## BRIDGE

Bridge computers which try to bid are a bore. Not only are they not very good, they are hopelessly confused.

Sensibly side-stepping the bidding, the new software from Canadian International, Fred Gitelman, called Bridge Master, is superb.

N  
♠ K 6 5 4 3  
♥ 7 6  
♦ 6 5 4 3  
♣ 2

W E  
♠ 8 7 ♠ A Q J 10 9  
♥ A 2 ♥ 5 4 3  
♦ J 10 9 8 7 ♦ 6 5  
♣ K J 10 9 ♣ 8 7

The solution here is, having ruffed 4♠ in dummy, you should return to hand with A♠, and ruff Q♠ as well. Your high trumps ensure that only A♠ can beat you, and there can be no adverse ruff of your diamond winner later.

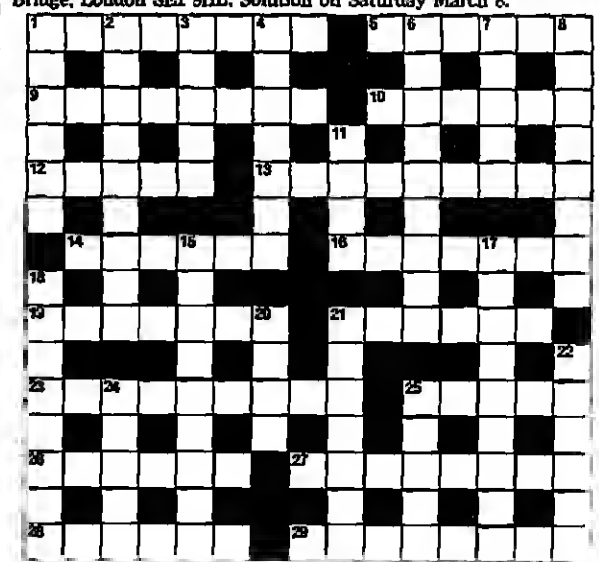
The programme is completely user-friendly, and the hands are not clever pranks, just great examples of life's challenges.

Paul Mendelson

## CROSSWORD

No. 9,307 Set by DINMUTZ

A prize of a classic Pelikan Souverain 80 fountain pen for the first correct solution offered and five runner-up prizes of 136 Pelikan vouchers. Solutions by Wednesday March 5, marked Crossword 9,307 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 1TA. Solution on Saturday March 7.



Name: \_\_\_\_\_ Address: \_\_\_\_\_

- ACROSS  
1 Dotty printing of E.F. for example, in America? (8)  
5 Factors in a cloakroom (6)  
9 The five lines of music found in Ireland (8)  
10 The back stops here (6)  
12 One-time partner due to break out in sweat (5)  
13 Once that's settled, one will sing... (9)  
14 ...for the rest of the afternoon (8)  
16 Apprehension surrounding article that is of negligible value (7)  
19 First out of a French hole in ground (7)  
21 Muted one suffering such monotony (6)  
23 Swish of musical number (8)  
25 Debate in new rage around university (5)  
26 Retaliated, with oappy back to front (6)  
27 Brick of law-breaker in the beginning (6)  
28 Claim made by members of Halle, generally (8)  
29 Flame is not to be repaired - it is scrap (8)
- DOWN  
1 Husband to change woman's top (6)  
2 Emulsion I spread over impressive vehicle (9)  
3 Abrupt piece of waiter-service (5)  
4 Change coins, getting first-class return in capital (7)  
6 Stern measure where 22 works? (9)  
7 Card-playing prime minister (5)  
8 Condition of one's star legislators (8)  
11 Highest position of showy violinist (4)  
15 Robust sticking-plaster (9)  
17 Sandy, pinched old-timer (4-5)  
18 Universal hope, perhaps, with new air of elation? (6)  
20 American recluse said to have shades (4)  
21 Cambridge at three, possibly (7)  
22 Beltinger's gender not in doubt (6)  
24 Limp badly, using up energy? Drive! (5)  
25 Everyone to retire with share (5)

Solution 9,306

Solution 9,295

WINNERS 9,295: P.V. Rutledge, St Albans, Herts; J.S. Beverly, Epping, Essex; N. Bracewell, Burgess Hill, Sussex; Mrs C. Gore-Andrews, Racedown, Dorset; G.J. Linney, Dunsford, Devon; R. Roberts-Miller, Mickleham, Surrey.





Arcadia

## Land for jobs in Warminster

An English town is divided over a Honda development and protecting its rural fringe, says Roland Adburgham

If one stands on top of Arn Hill in Wiltshire, in the heart of southern England, the Bronze and Iron ages do not seem too remote. The hill may be crowned by a mobile telephone mast and a golf course, but the views stretch for miles across chalk Downs marked by the barrows and hill forts of early settlers.

It is possible to imagine, in a hazy sunlight, that the landscape has little changed. True, those settlers would not have seen, immediately below Arn Hill, the town of Warminster - because the Saxons were responsible for that. It became a bustling corn market and wool town, with 30 cloth factories and 48 inns by the late 18th century. Then, this century, the military arrived in force, to set up engineering workshops and an infantry school close to the training grounds of Salisbury Plain.

Even so, Warminster remained a small town until recent decades when, as elsewhere in England, supine planners allowed house-builders to throw up brick

boxes without even an attempt at vernacular architecture. The population has more than doubled to about 17,000. A bypass, opened in 1993, has spared the town from another height - but the roar of vehicles is more apparent than birdsong on top of Arn Hill.

Cars, as it happens, have created a quandary for Warminster. Honda, the Japanese motor company, wants to have a "vehicle enhancement" building and distribution base on land below Arn Hill. This would create about 160 jobs, most of them skilled, but would also require tarmacked land, floodlit at night, for no fewer than 7,000 cars.

The planning application has split the town. It is a

common dilemma: in a crowded but picturesque part of the country, should ever more land be sacrificed to provide jobs for people inhabiting all those new houses permitted by the planners? Warminster is already under pressure from the government to accept another 450 homes by the year 2011.

Honda, which assembles 100,000 cars a year 40 miles away at Swindon, is not the villain. The company makes it clear: "If the community doesn't want us, we will go elsewhere." Its purpose is to change inefficient distribution in the UK. Instead of delivering cars to dealers to await sale, the vehicles would be moved by transporters to the distribution base. There, once sold, a car

would be fitted to the customer's specification and then delivered to dealers.

Lacking sufficient space at Swindon, Honda appointed consultants to find a suitable site. Warminster was one of a shortlist. The site has its merits: on the town's outskirts, near the bypass along which the transporters would trundle (a daily average of 38) and next to a railway which might be used in the future. A third of the land comprises Crusader Park, an unkempt and long-empty industrial estate. But Honda also needs some 20 acres of adjacent farmland.

Needless to say, many townsmen are alarmed. Alistair Morrison, a partner of Cheney & Thorpe, the project's design consultant, is

adamant that landscaping would hide the vehicles. "I believe you would have to go up in an aircraft to see them," he insists. Some 8,000 trees would be planted, pools created to encourage wildlife and, at night, "whispering white" security lamps would be of low intensity to reduce light pollution.

"If you can come to terms with the loss of 20 acres of agricultural land, there will be a shot in the arm for the local economy," Morrison says. It is apparent that Warminster, like so many other small English market towns, could do with a shot. A Safeway superstore has grabbed local trade; elsewhere, vacant premises, charity shops and takeaways give the place a down-at-heel air. The theatre is also expected

to go into voluntary liquidation next week.

The town, however, has retained charm. Handsome stone houses are witnesses to past prosperity. There are many reminders of its history: the Farnets Hotel has an 1880 inscription, "Alfred Cockrell, licensed dealer, pepper and tobacco". At the little museum, there is "a tribute to the heavy horse" and a book on dairy farming entitled "When warm milk was fresh milk".

"We don't want to ruin the character of the town," says Paul Batchelor, a town and district councillor - it is West Wiltshire district council which will take the Honda planning decision. "But one cannot live in a time warp. We need to have contemporary industries."

Most of the town council agree. The army remains the largest employer of civilian labour, providing 580 jobs, but that is 300 fewer since the "peace dividend" took effect. In trying to diversify its industrial base, Warminster has, until now, found inward investors hard to seduce.

"I would like something less intrusive but I don't think we can pick and choose," says Christopher March, also a councillor. "You've got to have vision and think of the jobs that may follow in the wake of Honda." Those unconvinced by this vision argue that local unemployment has come down to under 5 per cent and there seems no immediate threat of a further retreat by the military.

Although the only substantial commercial industry is in seafood processing, a few miles away there are hundreds of jobs at Longleat safari park and Center Parcs holiday village.

The town mayor, Helen Rowley, is concerned that, per acre, Honda will create few jobs. "I did think, lovely, a factory is coming, but then I thought it's not really what we want," Elisabeth Collyns, who chairs a residents' group, Action for Warminster, says approval would "open the floodgates for other development".

A town which has military establishments surrounded by razor-wired fences and signs warning "Armed guards patrolling" perhaps should not be too squeamish about a park for 7,000 cars. Maybe the planted trees will make it virtually invisible from Arn Hill - unlike the existing rash of modern houses, stark industrial sheds and a brazen fast-food complex on the bypass. But then, should job creation always be put before the protection of what remains of a historic landscape?

Metropolis

## Delving deep beneath the mask

The Milanese are undergoing an identity crisis, prompted by changes to their aspiring city, says Paul Betts

The trams that give Milan a certain old-world feel were decked last week with little Italian flags. Italy won a great victory against England at Wembley, but there the celebration in the foggy streets of Italy's northern metropolis ended.

In other times, the night would have been filled with the noise of hooting cars and exuberant, flag waving fans riding scooters.

The mood these days in the capital of fashion is glum, introspective, unhappy. It is nothing to do with the depressing climate - the sun even shone for a few days last week and Via Manzoni, the main avenue between the Scala and the public gardens, basked for a little while in the red glow of a tropical sunset. It is that the Milanese are undergoing an identity crisis. They have retreated behind the big wooden doors of their apartment buildings, not sure what to make of the changes taking place in their city.

During the phoney boom years of the 1980s, they considered themselves citizens of the only true modern metropolis in Italy: not only fashion, but the industrial, financial and cultural heart of the country.

But like a Pirandello play, the reality was never quite what it seemed. For all the attempts to turn the city

into Italy's answer to New York or Paris - there was even a ridiculous attempt to build an ice-rink in the middle of Piazza del Duomo to transform the famous cathedral square into a Milanese Rockefeller Plaza, and another aborted project to build a glass pyramid in Piazza della Scala to rival the Louvre's - Milan is today, as it has always been, provincial.

Unlike the citizens of many other parts of Italy, the Milanese are industrious and relatively disciplined. They are courteous, friendly and polite, if a trifle ostentatious and vulgar at times. That does not necessarily make them cosmopolitan, one of the characteristics of a real metropolis.

The city's wealthy bourgeoisie, mainly socialist-liberal in leaning, would like to see itself as a mirror image of sophisticated Manhattan democratic societies. "But on film at least New Yorkers are depicted by Woody Allen whereas we are characters out of a Pietro Germi movie," an old resident of Milan explained.



Milan: smart and industrious but not quite cosmopolitan. Top: T. Schwarz

Many of Gerami's films are masterful satires of Italian provincial life. On Sundays, those Milanese who have not escaped to their country houses or to the ski slopes, or indeed to weekends in London or Paris, still dress

up to go to church and then buy sticky cakes to bring home to complete their lunch.

The city seems deserted. In the bars that are open radios crackle with football commentaries. Around the

cathedral and in the famous covered gallery, crowds parade aimlessly at a loss of how to enjoy themselves.

On weekdays the streets are busy, the traffic chaotic, but somehow there is not the same urgent rhythm of a big metropolis. Businessmen can be seen ambling in the golden triangle around Via della Spiga between groups of Japanese shoppers. And the expensive account restaurants are not very busy: a marked change from the big spending years of socialist rule of the city.

There is nonetheless a little nostalgia for those bad old days. "Things have never been quite the same since Tangentopoli," a Milanese lawyer said. He was referring to the "Bribeville" scandals that the city's magistrates unearthed a few years ago and sent the whole pack of cards, including the Socialist party, tumbling.

The separatist Northern League mayor of Milan is no Mayor Daley from Chicago, nor Jacques Chirac when he ran the Paris town hall. He is far from popular and appears to be fighting a losing

ing battle to be re-elected this year. The Northern League has been losing steam and its management of the city has impressed few. The gap between rich and poor has grown, few of the city's finest buildings have been spared from graffiti, the music is still good but the museums are struggling from underfunding, the rare parks are a disgrace.

Any metropolis needs strong and forceful local government to promote the social, cultural and economic conditions for it to thrive. Milan is desperately looking for a charismatic leader. It is not an easy choice. Some have spoken of the chairman of Inter Milan, others of the head of the young industrialists association as possible future mayors. But the political parties at national and local levels are still bickering. And no clear favourite has emerged to win the Milan election on April 27.

Perhaps the most eloquent symbol of Milan's small-town politics is the sorry story of the Piccolo Teatro. Its founder and driving

forces, Giorgio Strehler, recently resigned after a long and unseemly argument with the city over funding and artistic content.

The Piccolo has always been regarded as Milan's effort to establish a theatre company of international standing. After years of campaigning, Strehler, one of this century's undisputed great theatre directors, finally persuaded the city to build a new theatre to house the company. The building is now completed but the mas-

ter has left and Jack Lang, the former French socialist minister and the late President Francois Mitterrand's culture guru, has been called in to the rescue.

Last month the new theatre was inaugurated by the city's Northern League fathers in the absence of Strehler. As they entered the foyer, they saw workers unwrapping boxes of lavatory paper. "That's really going too far," said one of the wives. She was reassured that no offence was meant, the paper was going to be used to construct an avant-garde sculpture.

A metropolis Milan certainly isn't a small-minded Giochiemerie perhaps. In any case, as the Italians like to say, "la commedia non è finita".

True Fiction

## A fraction short of groovy

Michael Thompson-Noel tries to make it into Miss Lee's bonobo society

of athletes. "I know you like muscles, but this is ridiculous."

She said: "You never change, Michael. But try to be cool or you'll be out of your depth. Between them, these 15 boys own 17 world sports titles and 16 world records. But they're not just testosterone. They are charming and intelligent. And all of them, Michael, are employed by my foundation."

"Foundation?" I queried weakly, swirling my cappuccino. "Here in Beirut?"

"Here, there and everywhere," responded Miss Lee. "My foundation is thoroughly international and abundantly well endowed. We're here for a seminar. Tomorrow we'll be gone. Moscow, as it happens, for a chat with President Gaga."

It was dawning on me

that things were changing fast in the life of Miss Lee, so I adopted a tone that I often employ, one of faux-befuddlement. "I've lost it," I said. "What are you doing here with 15

'The human species will boast a female to male ratio of 49 to 1'

muscle guys? What does your foundation do?"

Miss Lee fiddled with the emerald bracelet she always wears, and motioned to one of the Czech swimmers to bring her an espresso.

"Put it like this," she said. "The universe is 15bn to 20bn years old, yet most

of its lifetime - 100bn years? 900bn years? - is still in front of it. Thanks to capitalism, there are no limits to what humans might achieve in that time. This is because there are no limits to the wealth humans might create. With no limits to wealth, there can be no limits to our exploration and colonisation of distant galaxies.

"Correction, there is one thing that limits the creation of wealth: human male aggression. Human males are a tragic holdover from our species' rainforest past. So we're eliminating most of them. Governments and significant corporations everywhere want this to happen. As a result, very large sums have been awarded to my foundation, which is leading the campaign. Soon, the human species will boast a female-to-male ratio of 49 to

1. How is your primatology, Michael? Ever heard of bonobos? From now on, humans are going to behave like bonobos."

"Oh, sure," I said. "Bonobos," I straightened my Herbie Frog tie and told the Canadian weightlifter to refresh my cappuccino. He did not bat an eyelash. Hardly even looked at me. I could have been an ashtray. "How about this, Miss Lee: of the five species of ape, two - gorillas and orang-utans - are fairly violent, and two - chimpanzees and humans - are ceaselessly violent. In the jargon of primatologists, male chimps and humans are *demonic* males."

"But the fifth ape species, bonobos, who were formerly and mistakenly categorised as pygmy chimpanzees, are wonderfully peaceful and gentle. In bonobo society,

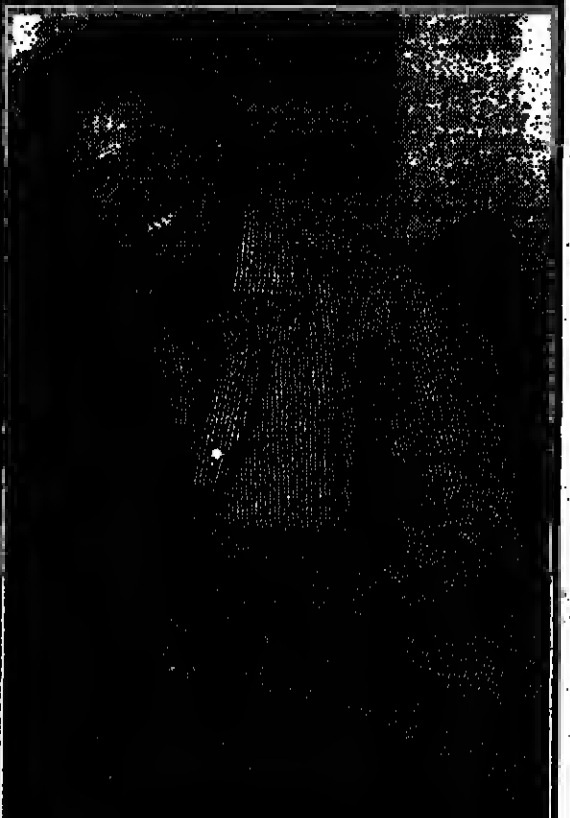
females hold the power. To maintain order, they gang up on the males. Bash them around. Quite possibly, the suppression of violence among males in bonobo society has also led to the suppression of all predatory aggression. So, if humans were like bonobos there would be no genocide, warfare, rape, assault - just harmony and lots of sex. And if you've set your sights on a human female-to-male ratio of 49 to 1, it's not surprising you're collecting groovy male athletes."

"Not just athletes," said Miss Lee. "I am also in the market for a few creative and artistic males."

"How about me?" I said. "I'm a Piscean, Miss Lee. That's why I'm such a dreamboat. Chopin's birthday is February 22. Handel's birthday is February 23. Mine is February 24."

"Michael," said Miss Lee. "49 to 1 is a cruel ratio. If it had been 49 to 14, you might have squeaked in. But it isn't. So you won't. It's the age-old story, sweeter: a miss is as good as a mile."

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# Weekend Investor

Wall Street

## Nerves show despite inflation cheer

Greenspan's long shadow keeps traders on edge, reports John Authers

There's no pleasing some people. On Wednesday, Wall Street learnt that consumer prices had gained only 0.1 per cent in January. This was a third of the level which had been predicted by economists, and it confirmed that inflation was remaining at a steady, low level which had not been seen since the early 1960s. Combined with news of a widening trade gap, it seemed persuasive evidence that the economy could not be overheating, and helped the Dow Jones Industrial Average stage another incursion across the 7,000 barrier, setting a further all-time record.

A day later, though, and more economic information had pushed both equities and the bond market into reverse. Jobless data for the second week of February suggested fewer people than usual were looking for work, with the number of new claims edging up by only 1,000. The bond market, in particular, took fright, working on the assumption that a tight labour market which forced companies to bid up the salaries they offered would alarm the Federal Reserve - arbiter of the nation's interest rates - more than any other single measure.

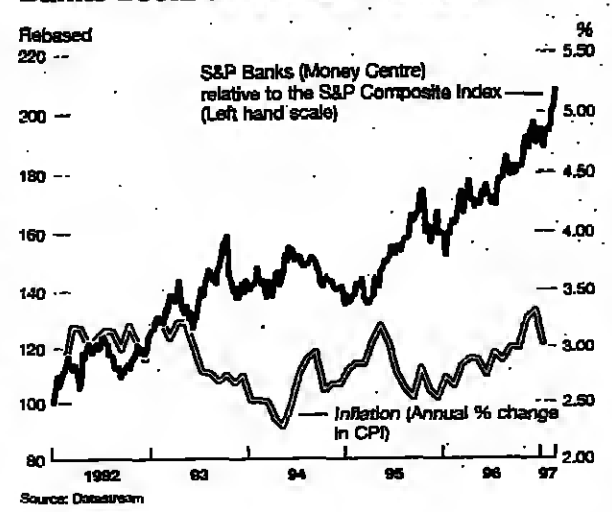
Yields on the benchmark 30-year treasury bond went beyond 6.5 per cent. That sent the Dow screaming back downwards below 7,000, and almost back through 6,900, its decline worsened by suggestions that high-tech companies were facing tighter price competition.

Suddenly, the long shadow of Alan Greenspan, chairman of the Fed, fell across the market.

Next week, he gives his annual testimony on monetary policy to Congress. And while inflation is under control for now, there are fears he will take the opportunity to voice his worries about the labour market and inflationary factors. Any drastic step by the Fed and the stock market, overvalued by most measures, would go into a sharp reverse.

Wall Street still does not seem to know how to deal with low inflation. As the graph shows, banks in particular have benefited from the stable environment, which has brought with it

### Banks boom as inflation falters



the opportunity to widen their profit margins. As a result, their shares have outperformed the market comfortably.

But Jeffrey Applegate, chief equity strategist at Lehman Brothers, published research this week reminding the market that history shows sustained low inflation can allow more generous stock valuations. He noted that from 1961 to 1965, the last period of sustained low inflation, the consumer price index rose at a rate of 1.3 per cent while price/earnings multiples remained above 18.

Today, the core consumer price index inflation is rising at about 2.5 per cent and the p/e multiple for the Standard & Poor's 500 is 19.6. According to Applegate, this suggests that the "stock market appears to have gotten ahead of itself, but not wildly so".

This analysis implies that stocks could now be entering a trading range in which they oscillate around their present level for a while without necessarily powering forward. This would help to explain the volatility of the past three months, typified by this week's swings.

Low inflation has helped to recreate not only the valuations of the early 1960s but also the hostile corporate behaviour seen during the mid-1980s bull market.

Armed with a generously valued share price - which, effectively, makes their currency stronger - companies can afford to make unwelcome approaches. Three separate hostile bids of more

than \$6bn are now under way.

These include the tangled bidding war for Conrail, a large eastern seaboard rail network, which is being waged by its only two serious competitors, CSX and Norfolk Southern; and Hilton Hotels' attack on ITT, owner of the Sheraton hotel chain and Madison Square Garden.

This week, A.F. Ahmanson, the nation's largest thrift, launched a hostile bid worth more than \$6bn for Great Western Financial, the second largest. Thrifts are similar to UK building societies, making their money from mortgage lending and deposit-based savings accounts.

But this bid has none of the cosy mutual behaviour associated with building societies.

Ahmanson said it expected to close 25 per cent of the branches of the new combined company and then, in what could prove to be a disastrous public relations error, reassured its own employees that all their jobs were safe.

Wall Street investment bankers are rubbing their hands and waiting for what looks certain to be a vintage, nasty takeover battle. It would not have been possible without the present non-inflationary climate.

Dow Jones Ind Average	
Monday	Market closed
Tuesday	7,067.48 + 78.50
Wednesday	7,020.13 - 47.33
Thursday	6,927.38 - 92.75
Friday	

## You can bet on the banks

They're proving a winner, writes Philip Coggan

Asked why he robbed banks, noted felon Willie Sutton replied: "Because that's where the money is." A wise investor would have followed Sutton's advice over the past few years.

As the graph shows, banks have outperformed the FTSE All-Share index by more than 100 per cent since the start of 1992. In part, this has represented a recovery after the battering they took in the wake of the 1980s' third world debt crisis and the early 1990s recession.

According to Richard Coleman, banking analyst at Merrill Lynch, the key in a low-growth, low-inflation world has been that banks have had the ability to generate surplus capital. Back in the 1980s, banks also paid out hefty dividends but, every so often, they had a rights issue to pay for them. In net terms, they were actually absorbing cash from investors.

In the 1990s, however, they have been returning cash in the form of dividends and share buy-backs and, as Coleman puts it, "Investors find it difficult to argue with large cheques."

Another factor prompting investors to favour banking shares has been the scope for restructuring. Manufacturing has largely been through its shake-out of surplus labour and capacity but, while the banking sector has shed some jobs, it arguably still has far too much capital tied up in its branch network. At some point, costs will be cut and profits improved.

This year has seen another sharp jump in banking sector shares. One reason has been the imminent arrival on the market of three quoted building societies: Alliance & Leicester, Halifax and Woolwich.

The flotations of the societies will place the shares in the hands of retail investors,

which means that the investment institutions will, at first, be underweight in those stocks. One way of getting round the problem is to buy shares in the existing banks so as to get an appropriate weighting in the sector as a whole.

Barclays put a bit of a dent in the banking sector's performance this week with results which disappointed the market. The setback came at BZW, the group's investment banking arm.

Coleman says the market tends to prefer the strategy of Lloyds TSB, which has pursued the retail sector by buying Cheltenham & Gloucester and Abbey Life, rather than by involvement in investment banking. "The quality earnings are in the retail sector," he says.

Simon Kirtin, investment analyst at Abnott Fund Managers, says he prefers HSBC Holdings and Standard Chartered to the domestic banks.



"Shit, I'm listening for the rise in the bank sector's shares"

"They have very good franchises in developing markets," he adds. "They will benefit from a stronger dollar and they are currently chronically under-owned by investment institutions."

Generally, however, bank shares may be due for a short-term setback after their strong recent run, according to Coleman. The same pattern occurred after the sharp spike upwards in bank stocks late in 1993 and at the end of 1995.

Away from the banking sector, the UK stock market drifted a bit this week as investors waited for the results season to get into full swing next week.

The FTSE 100 index did manage to chalk up another all-time closing high of 4,357.4 on Wednesday, but then lost ground on Thursday as Wall Street wobbled slightly.

Although sterling weakened a bit this week, its persistent strength is causing commentators to reassess their views about the prospects for 1997.

The Confederation of British Industry warned this week that the strong pound was stifling exports and economic growth, and cut its forecast for 1997 gross domestic product growth from 3.1 per cent to 2.5 per cent.

Meanwhile, ABN Amro Hoare Govett has changed its economic and stock market forecasts, largely because of the strength of the pound, against the D-Mark. It has cut its GDP growth prediction from 3.2 per cent to 2.75 per cent, and also reduced its forecast for fourth-quarter underlying inflation (excluding mortgage interest payments) from 3 per cent to 2.5 per cent.

That is good and bad news for the markets. ABN-Amro says lower growth and inflation mean that base rates need to rise to only 6.5 per cent (they are 6 per cent now), while long gilt yields will end the year at 8 per cent (its previous forecast was 8.5 per cent).

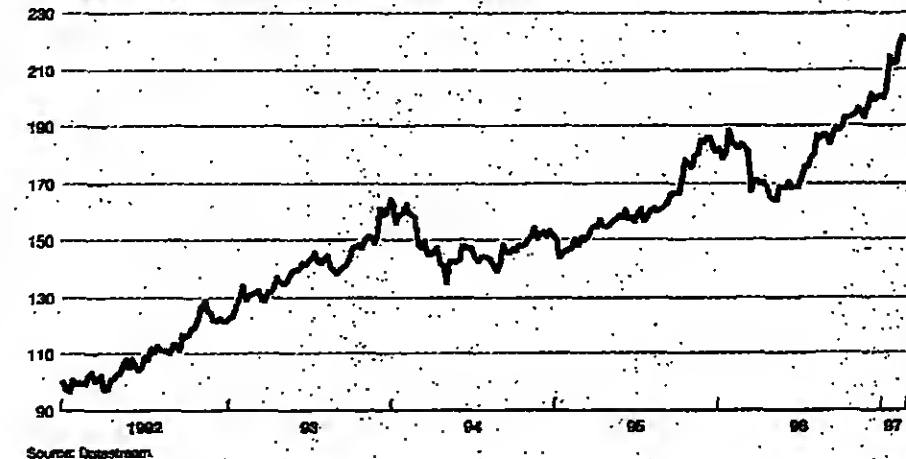
Yet, the adverse effect on exporters offsets most of these benefits. ABN-Amro is cutting its forecast for earnings growth of non-financials in 1997 from 6 per cent to 4 per cent, and, for dividend growth, from 6 per cent to 5 per cent.

The broker's stock analysts have made 24 individual earnings downgrades as a result, notably at British Steel (down 20 per cent), Pilkington (14 per cent) and Laird Group (10 per cent).

In spite of this, the prospect of lower-than-expected gilt yields and base rates has persuaded Mark Brown, the head of strategy and economics, to increase his end-year Footsie forecast from 3,900 to 4,000. But note that his forecast is still well below the market's prevailing level.

### Laughing all the way at the banks

FTSE Banks, retail sector relative to the FTSE All-Share Index



### Highlights of the week

	Price	Change	52 week	52 week
	today	on week	High	Low
FTSE 100 Index	4357.4	-4.2	4357.4	3612.8
FTSE 250 Index	4631.0	+25.0	4633.5	3589.7
Asiatic (Asia)	156%	+15%	220%	132%
Barclays	1128%	-87%	1226	683
Centrica	88%	-7%	77%	55
Gt Universal Stores	663%	+48	770	579
Guinness	459	+20	481	424
Lorha	141%	+10%	216	119%
Flatrack (p/d)	446	+63	449	205
Rank Group	438%	+25	547	398
Reed International	117%	+79%	1220	971
Reuters	671%	+32	814	586
Unilever	1818%	+79	1829%	1172%
Yorkshire-Tyne TV	1215	+110	1315	680

† Change based on issue price.

Tony Jackson

## Shareholders rule - OK?

That's how it used to be, but things are changing



With the Dow through 7,000, the triumph of investor capitalism seems complete. For years, American bosses have been claiming their shareholders come first. Now, British managers are queuing to learn how to run their companies in the interests of shareholder value. Even in France, according to a recent best-selling book called *L'Honneur Economique*, Anglo-Saxon capitalism stalks the land.

But is the trend really that simple? Chief executives in the US and UK are extolling shareholder value for two very good reasons. First, soaring stock markets have delivered value faster in recent years than they could themselves. Second, the institutions have developed a nasty habit of firing executives who step out of line.

How far managers accept all this privately is another matter. The gospel of shareholder value looks good on the surface, but there is a snag. It involves the crucial assumption that the market knows better than managers what is good for their company.

The efficient market hypothesis, after all, says the share price represents the sum of knowledge on a company's prospects. When

executives set out to manage for shareholder value, they must calculate what that price implicitly expects of them. They must then plan their strategy so as not to disappoint.

The problem this poses was illustrated at a recent James Capel seminar by a former head of strategy at the UK cement company, Blue Circle. In 1989, Blue Circle set up a value-based management programme. But it was five years, he said, before it took hold - before managers could make the emotional leap to believing that shareholders really did know best.

Indeed so. Those who read the FT's recent series of vaudeville interviews with Lord Weinslock of GEC will recall the frank contempt with which he regarded the market's understanding of his company. Human nature and chief executives being what they are, one suspects he is not alone.

In the US, at any rate, the debate is moving on. I recently touched on this topic with two of America's bigger bosses: Lew Platt of Hewlett-Packard and Larry Bossidy of Allied-Signal. Both explicitly rejected the idea that shareholder value was their first objective.

Hewlett-Packard, Platt said, was there to satisfy its customers and to provide sustained earnings growth.

He was not about to run the business in the interests of the stock price. Shareholder value was simply a result.

Since Hewlett-Packard has been one of America's most admired corporations for decades, this attitude is perhaps understandable. Bossidy's case is more complex. His arrival at

Wall Street investment bankers are rubbing their hands and waiting for what looks certain to be a vintage, nasty takeover battle. It would not have been possible without the present non-inflationary climate.

Since many of the workers are feeling rather edgy, it pays to be nice to them

Allied-Signal six years ago began a sharp revival in the company's fortunes, based largely on ferocious attention to costs. As recently as two years ago, his declared priority was that everyone should "make the numbers".

His approach has now changed radically. This year, he said, he had three priorities: first, to reach precise and quantified targets on customer satisfaction; second, to improve the learning opportunities for his workers; third, to make the numbers. "I don't want to run the company just for the shareholders," he said.

"I don't want people to think it's only about making money. This is not a random order."

From the conventional fund manager's point of view, this is strange talk indeed, particularly from a man whose company outperformed the US market by 15 per cent in the past two years and now has a market value of \$21bn. There seem to be two motives behind it, both of them perfectly rational.

First, top-down cost-cutting - redundancies, closures and so forth - is the easy bit. The next phase, which involves reaching Japanese-style quality levels, cannot be done on a pure top-down basis. It requires the co-operation of the workers: and, since many of them are feeling rather edgy after the first phase, it pays to be nice to them.

Second, the better-run companies now have switched their attention to increasing their revenues. Hence the new emphasis on measuring and surveying the level of customer satisfaction.

All this leaves the old-style investor in a slight difficulty. In recent years, the market has tended to put a higher multiple on a dollar of cost savings than a dollar of extra revenue even though, in accounting

terms, the effect is the same.

For a while, this was perfectly rational. Ten or even five years ago, all companies had costs to cut, and the market rewarded those which got on with it. Looking forward, this kind of thinking could present a problem. It is fairly easy for companies to explain cost cuts to the outside world. The fuzziest bits, like customer satisfaction and employee motivation, are a lot harder for the market to assess.

None of this means that companies will be able to revert to ignoring their shareholders. But the simple approach to shareholder value, characterised by cost-cutting and flattering the market, is giving way to a more complex phase. To deliver value in the longer term, companies will have to devote more attention to customers and employees. The signals they give the market will be less simple as a result.

For investors, of course, the tricky bit is distinguishing between companies which have moved beyond the crude form of value and those which have yet to address it. But then, whoever said stock-picking was easy? □ *Barry Riley is away for six weeks.*

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<b>CalCash Ltd (High Interest Cheques Account)</b>				
Kings Hill, West Malling, Kent			01732 52003	
CalCash Bank	5.57	-	6.00	3-50
Interest over £1 million	5.57	-	6.10	3-50
Interest over £2 million	5.97	-	6.21	
<b>The GAB Christian Deposit Fund</b>				
2 Fyne Street, London EC2Y 5AD			0171 508 1845	
Deposit	5.85	-	5.90	3-50
<b>Cont. Bd. of Fin. of Church of England:</b>				
2 Fyne Street, London EC2Y 5AD			0171-508 1845	
Deposit	5.85	-	5.90	3-50

## Money Market Bank Accounts

	Green	Red	GRN	Red
<b>For AA44 Test Book use Inactive Book (R)</b>				
<b>American Express Bank Ltd</b>				
<b>Research House, Corporate Hill PM10 9AQ</b>				
<b>High Performance Clauses Available</b>				
2250-2250.00	1.00	0.75	1.50	
21,000-24,999.99	1.50	2.25	2.25	
25,000-29,999.99	2.75	3.25	3.25	
30,000-34,999.99	3.75	4.00	4.00	
35,000-39,999.99	4.75	4.75	4.75	
40,000-44,999.99	5.75	5.75	5.75	
45,000-49,999.99	6.75	6.75	6.75	
50,000+	7.75	7.75	7.75	

## MANAGEMENT SERVICES

	Selling Price	Buying Price	+ or -	Vol. Gr.
<b>Capital Trust Financial Management</b>				
8-10 Brook St., Colchester	US	Londonbury		01296 090
Investment Portfolio	247.0	260.0	+0.2	
Executive Pension	216.7	221.8	+0.9	
Monetary Growth	140.8	147.0	+0.3	
<b>DES Financial Management PLC</b>				
Intelligence Inc., Italy Rd., Huddersfield				01484 4222
<b>The Personal Portfolio (Series 2)</b>				
Admiralshare	119.0	121.5	+0.8	
Balanced	115.4	121.4	+0.3	
Capital	125.8	128.0	+0.3	
Deposit	109.5	112.4	-0.3	
Emerging Markets	114.8	120.5	+0.6	

Monthly collections	1,33.0	1,30.0	+0.3
<b>Fairport Trust Plc</b>			
Fairport House, Leatherhead, KT22 7AY			01372 3700
Secured	148.2	153.8	—
Drawn	162.9	171.4	—

Investment Financial Services(Pty) Ltd		
WFS Off Reg in Scotland	51.8	54.6
WFS Off Reg in Scotland	41.4	44.6
WFS Off Reg in Scotland	78.9	84.9
WFS Off Reg in Scotland	31.2	35.3
NPS Capital Management PLC		
17A Old Broad Street, London		01226 4864
Recommended Profit	148.4	-0.1
Recommended Profit Acc.	192.0	-0.1
Private Portfolio	2.2	0.0
Private Portfolio	215.8	+1.0
Johnson Fry Asset Managers Plc		
20 Regent Street, London, W1B 4PZ		0171-830 50
JF Mid (managed WFF Plc)	247.8	+2.5
JF Mid (managed WFF Plc)	310.5	+1.4
JF Mid (managed WFF Plc)	198.2	+4.3

Macartney & Dowle Invest Mgt Pte		
57 Moseley Rd, Rosford, Essex		01708 7285
Mitral Fund (SQ)	208.1	223.4 +1.1
Mitral Portfolio (P)	187.2	187.0 —
Mitral Property (P)	125.0	222.7 +7.2
Worthmore Inc (P)	134.9	-0.1

Investment Fund (GNS)	317.1	233.7	+2.1
Recurrent Salary (RSL)	103.3	100.7	—
Outside Funds	—	—	—
Unrealized (428)	185.5	—	—
<b>March Financial Management PLC</b>			
4-18 Month Glaxo, Telford, Wells, etc.		07882 5158	
Marshall Parnett Portfolio	137.8	145.2	+1.39
Marshall Low Mid Point Portfolio	130.4	146.7	-0.29
Marshall Parnett Fund	68.3	94.0	+0.6
<b>Per Order and Increases</b>			
<b>Singer &amp; Friedlander Portfolio Mgmt Ltd</b>			
21 New Street, (S2M4 4JH)		07171 820 071	
SE FIF Global Inc & Co.	194.4	234.8	+0.5

SF FP Cautious Portfolio	114.3	121.5	+6.6
SF FP Brisk Portfolio	144.3	151.5	+7.4
SF FP Growth Portfolio	180.2	188.9	+8.8
SF FP Challenge Brisk	183.4	191.4	+8.0
SF FP Aggressive Growth	208.3	218.2	+9.9
SF FP Income Distribution	98.2	103.3	+5.1
SF FP International	158.0	168.3	+10.3
SF FP International Target	177.0	188.0	+11.0

SP Albany	174.6	183.7	-0.5
SP Albany (cont)	127.4	134.1	+0.4
SP AL, Uniform Package	91,598		+0.017
SP Annapolis No 2	142.1	148.6	+0.8
SP ASLS	192.7	207.8	-0.8
SP ASLS (cont)	91,598	98.20	-0.4
SP Boston President (RM)	196.2	184.7	+0.7
SP Boston President (cont)	770.4	170.4	+0.2
SP South President (RM)	116.6	122.8	0.0
SP RI, Global Inc & GIL	21,891	1,891	+0.029
SP RI, Secare Inc G (G)	21,436	1,436	+0.015

● **NOTES**  
Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax.  
Net: Rate of interest payable after allowing for deduction of basic rate income tax.  
Gross CAGR: Gross rate annualized or take account of compounding of interest paid other than once a year.  
"Compound Annual Rate":  
Int Cr: Frequency at which interest is credited to the account.

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## WORLD STOCK MARKETS

## Dow eases as derivatives expire Confidence ahead of Hong Kong transition

But there are some sceptics, says Louise Lucas

## AMERICAS

Share price action varied on the US equity market yesterday morning, technology shares weakening while blue chip issues moved in a narrow range between positive and negative territory, writes Louise Lucas in New York.

Tech shares continued the slide begun on Thursday as the Nasdaq composite, weighted toward the sector, gave up 9.82 at 1,337.58, and the Pacific Stock Exchange technology index shed 1.1 per cent.

Unlike Thursday, however, losses among technology shares did not spill over into the broader market. Instead, both the Dow Jones Industrial Average and the

Standard & Poor's 500 were only modestly weaker. By 1pm the Dow was off 4.63 at 6,922.76 and the S & P 500 was 1.07 weaker at 801.73. NYSE volume came to 274m shares.

One factor behind the tech losses was yesterday's "double witching" expiration of share options and futures contracts. All four of the Nasdaq composite's largest components were weaker with Intel off 2.2% at \$147, Microsoft 1.4% lower at \$38.4, Cisco Systems down 2.3% at \$60.0 and Oracle falling 4.1% at \$40.0.

Computer makers were also weak. IBM, which is a component of the Dow, shed 1.1% at \$139.4, Compaq computer lost 3.8% at \$79.0 and

Gateway 2000 was 1.1% lower at \$60.0.

Elsewhere, investors hammered Scholastic, the educational publishing company, after it said late on Thursday that it expected to report a third-quarter loss of 70 to 80 cents per share. By midday, shares in the company had fallen 12.5% or 41 per cent to \$36.0.

Several investment banks added to Thursday's losses. Morgan Stanley shed 3.3% at \$67.4, Donaldson Lufkin & Jenrette was 1% weaker at \$44.0, and Dean Witter Discover fell 1.4% to \$41.0.

TORONTO moved higher during a morning dominated by heavy trading in gold shares. The sector led the broad market up in heavy

two-way trading. At noon, the 30 composite index was up 4.42 at 6,905.48.

A rally for the bullion price was the main buy signal for golds and it sent the sector leaders sharply higher. Barrick Gold rose 35 cents to C\$37.15 and Placer Dome improved to C\$30.20, an increase of 45 cents.

For more than five years, stock markets in both Hong Kong and China were in the grip of periodic speculation that Deng Xiaoping, China's paramount leader, was dead or dying. Typically, the spurs of rumours drove share prices lower; subsequent glimpsed appearances or assurances from outspring helped prices rebound.

But last week's pattern had a novel twist: share markets in Shanghai, Shenzhen and Hong Kong fell in the early part of last week as the rumours percolated down from Beijing, and promptly rallied, or at least steadied, on Thursday - after he died.

MEXICO CITY rallied modestly in the wake of Thursday's bout of profit-taking. "Wall Street is going nowhere this morning and the general lack of direction has washed over on to our market," said one broker. At mid-session, the IPC index was up 6.96 at 3,946.68.

SAO PAULO, down over the previous two sessions, continued to trade lower after the central bank announced the closure of ten small financial institutions. At mid-session, the Bovespa index had eased to 86,580, a decline of 39.

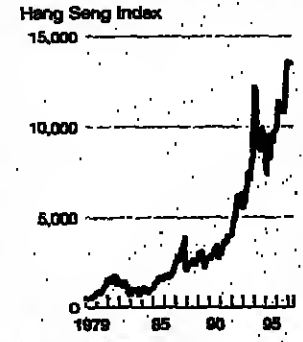
CARACAS rallied modestly during a morning session of light trading. At mid-session, the IBC index was up 27.05 at 6,680.15.

Hong Kong investors last week flipped on its head the market adage to buy on the rumour, sell on the news.

For more than five years, stock markets in both Hong Kong and China were in the grip of periodic speculation that Deng Xiaoping, China's paramount leader, was dead or dying. Typically, the spurs of rumours drove share prices lower; subsequent glimpsed appearances or assurances from outspring helped prices rebound.

But last week's pattern had a novel twist: share markets in Shanghai, Shenzhen and Hong Kong fell in the early part of last week as the rumours percolated down from Beijing, and promptly rallied, or at least steadied, on Thursday - after he died.

## Hang Seng under Deng



Source: DataStream

transition in China without some sort of obstacle.

Mr Nick Moakes, head of research at NatWest Securities Asia and a former diplomat, anticipates a display of unity in Beijing until the 15th Party Congress in the final quarter of the year, but says that personnel manoeuvres could mean that the needs of Hong Kong - brought forward by a relative newcomer in the form of Mr Tung Chee-hwa, the territory's post colonial leader - are pushed down the priority list.

As such, there could be a ripple effect on the Hong Kong stock market shortly after the territory reverts to Chinese sovereignty on July 1, depending how investors perceive relative instability and uncertainty.

Mr Marc Faber, who runs a fund management company in Hong Kong and has a gloomy 10,000-year-end target for the Hang Seng index, was quick to call Thursday's

rally a selling opportunity. "The Hong Kong market is faced with two problems this year: uncertainty in China and the US market, to which it is closely coupled, coming off. It's extremely naive to say there will be no change," he says.

In China the more volatile and much smaller B share markets - theoretically reserved for foreigners, but in practice heavily bought by local Chinese - both emerged from Thursday relatively stable.

Already racked with their own problems, including the reliance on illicit domestic investors and strong competition in the form of China shares listed on the more foreigner-friendly Hong Kong stock exchange, the B share markets are expected to remain rocky terrain.

In Hong Kong, the China enterprises, or H shares, and mainland-backed companies, dubbed red chips, both put in healthy performances on Thursday. But analysts warn that these new voguish counters could become vulnerable if personalities start shifting in China, shunning today's well-connected companies out into the cold.

This did not deter investors on Thursday, however, when leading red chips like China Resources notched up 4 per cent gains compared with a 0.25 per cent improvement in the Hang Seng index.

With the economy rebounding, property prices climbing and the outlook for earnings strong, many brokers have bullish forecasts for Hong Kong this year. But Deng's death introduces a new variable into the equation he devised.

As Mr Stephen Clark, managing director of Anglo-Chinese Corporate Finance, notes: "Of all the places in China, Hong Kong will be the most sensitive to disruption at the centre, we just are. We stood to benefit the most, and therefore now to lose the most."

## Strong run for financials rescues Paris

## EUROPE

Shares in PARIS eased for the fourth day running, but a strong run for financials left the CAC 40 well off its day's low at 2,552.94, down 12.40.

There was an upsurge of takeover gossip around the AGF insurance group and selected banks were aggressively bought following Bancaire's early morning meeting with analysts.

Bancaire gained FF7.29 or 4.3 per cent to FF77.09 and BNP jumped 4.6 per cent to FF249.90, a rise of FF11.1. Speculation on a bid for AGF from Allianz, the German giant, sent the French insurer up by FF6.80 to FF206.

Among smaller financials, Worms leaped almost 9 per cent on renewed speculation about the disposal of its Athena insurance unit. The stock closed up FF40.50 at FF413.

Accor rose FF10 to FF785 after Morgan Stanley initiated coverage of the hotels leader with a "strong buy" recommendation. Michelin dipped FF2.10 to FF348.50 on news of French job losses.

Oil stocks eased on weaker crude prices. BP Aquitaine, which was widely expected to produce bumper interim results next Wednesday, shed FF9 to FF545.

FRANKFURT came back from a low of 3,164.51 as the Dow and the dollar improved in the US mid-morning, to close with the Dax index 6.70 higher at an index of 3,303.79. Turnover fell again, from DM11.5bn to DM10.5bn.

Banker recommendations carried some weight. In banks, Dresdner rose 96 pps to DM54.95 after Westdeutsche Landesbank, in Düsseldorf, raised its share price forecast to between DM60 and DM62 on a six months' horizon.

Dresdner Kleinwort Benson, meanwhile, upgraded

## THE WEEK'S CHANGES

	% Change
Athens	+7.7
Zurich	+1.2
Amsterdam	+1.2
Lisbon	+0.1
Frankfurt	+1.4
Madrid	-2.1
Paris	-2.5

Schering which rose DM5.45 or 3.5 per cent to DM146.70, while a Goldman Sachs lift for Viag took the utilities based group DM17.50 to DM706.70.

In mid caps, the sporting goods group, Puma, eased 60 pps to DM65.50 on a third year of record profits. However, the shares had risen previously by over 30 per cent in 16 days, peaking yesterday at DM146.70.

## FTSE Actuaries Share Indices

FTSE 100	FTSE 250	FTSE 350	FTSE 400	FTSE 500	FTSE 600	FTSE 700	FTSE 800	FTSE 900	FTSE 1000
2100.42	2174.14	2142.29	2140.35	2141.14	2141.39	2143.19	2142.72	2142.72	2142.72
2100.42	2174.14	2142.29	2140.35	2141.14	2141.39	2143.19	2142.72	2142.72	2142.72

Source: DataStream

terday at an intra-day DM67. AMSTERDAM emerged from its options expiry tangle with share prices lower. The midweek takeover euphoria among the publishers ran out of steam and there was heavy selling in PolyGram. The AEX ended off 4.79 at 728.92.

VNU fell FI 140 or 3.5 per cent to FI 38.90 and Witters Klauer came down FI 16.75 to FI 237.50 as what brokers described as "common sense" returned to the publishing and media sector after the recent round of bid talk. Elsevier ended off 20 cents to FI 30.30.

PolyGram, Philips's separately-listed music offshoot, dropped FI 2.80 to FI 84.20. However, one of the day's few bright patches, rising FI 2.00 to FI 78.50.

ZURICH consolidated, but derivatives-linked transactions on the expiry of options and futures underpinned the cash market and

the SMI index came out only 8.3 lower at 4,522.5. However, the expiry of MADRID's February Ibox futures contract was blamed for a more sizeable decline in the cash market as the general index fell 4.58 to 4,707.0. Electrical utilities and construction stocks led the way down, with sector declines of 1.5 and 1.6 per cent respectively. Brokers said Endesa, a leading utility group, had produced on-target results yesterday and that a share price fall of Ptas220 to Ptas800 was not related to the figures.

Meanwhile, Spain's stock market commission, CNMV, filed a suit against Asturiana Zinc, saying it had engaged in the practice of manipulating the share index up by 21.5 to 7,124.1.

A rebound for the bullion price sent gold shares spinning upwards. At the close, the golds index was 46.9 or 3.2 per cent higher at 1,517.8. The industrial index shed 12.4 to 8,379.2.

da Costa, climbing Esc143 or 9.2 per cent to Esc1,703 on a report, which Soares denied, that the company was about to be taken over.

However, the BVL 30 index shed 21.76 at 2,592.97 as a failed speculative situation, Lisnave, dropped another 5.65 to Esc401 and as Sonae, the big real estate and real estate combine, fell Esc220 to Esc5,540 with reports of one big seller in the market.

ATHENS forged ahead to another all-time high, helped by strong results from the National Bank of Greece which jumped Dr795 to Dr26,600. The general index, which stood at 900 at the time of last November's broking scandal, rose 26.47 to 1,332.93.

Written and edited by William Cochrane and Jeffrey Brown

## SOUTH AFRICA

Gold shares in Johannesburg spun round to the upside, helping to push the all-share index up by 21.5 to 7,124.1.

A rebound for the bullion price sent gold shares spinning upwards. At the close, the golds index was 46.9 or 3.2 per cent higher at 1,517.8. The industrial index shed 12.4 to 8,379.2.

## LONDON EQUITIES

On Friday	On Friday	On Friday	On Friday	On Friday	On Friday	On Friday	On Friday	On Friday	On Friday
Rises	Falls	Stale	Rises	Falls	Stale	Rises	Falls	Stale	Rises
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	May	Jun	May	Jun									
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Gand M	400	28	55	626	14	21	25	0	0	0	0	0	0
Gand M	400	28	55	626	14	21	25	0	0	0	0	0	0
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**Friday April 18 - Foreign Exchange**  
**Friday May 9 - Asian Financial Markets**  
 (to coincide to the ADB meeting in Japan)  
**Friday May 30 - International Capital Markets**  
 (to coincide with the ISMA meeting in Singapore)

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**Source: In-house FT research.**

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The support from a couple of brokers. The shares jumped more than 4 per cent.

That late surge was enough to provide some market support but not enough to prevent Footsie falling from the record high achieved earlier in the week.

By the close, traders reported the kind of ragged nerves often seen after a party.

Government bonds were also weaker and the second-line individual fell back even though they have less exposure than Footsie to Wall Street. One analyst murmured that up to 200 points could more of the main index if there is any disappointment from bank profits next week.

97	Dec	Jan	Feb
	1996		97

FTSE 100 Index	
-2.5	Closing index for Feb 21 4336.
-7.8	Change over week ..... -4.
-7.30	Feb 20 ..... 4356.
3.51	Feb 19 ..... 4357.
-10.0	Feb 18 ..... 4332.
18.49	Feb 17 ..... 4337.
-19.0	High* ..... 4362.
7.13	Low* ..... 4312.
2.08	*Intra-day high and low for week

## Broker lift for Zeneca

**By Joel Kibazo  
and Lisa Wood**

**A shortage of stock, r  
bid talk and recom  
tions from a couple  
kers powered pharm  
cals giant Zeneca to  
neak.**

exposed to US equities. The shares tumbled 26 to 83p.

There was a two-way sell in Pearson, which owns the Financial Times. On the plus side, the media group announced it was to sell its 10 per cent stake in Television Broadcasting, a Hong Kong television broadcaster, for \$1.25 a share.

Analysts were positive about the stake sale. One said it was similar, although on a smaller scale, to Pearson disposing of the majority of its stake in BSkyB, in which it had no direct control.

On the downside, Moody's, the US credit rating agency,

CHIEF PRICE CHANGES ESTERDAY		
London (Pence)		
Mercedes	80	+ 20
Nurse Tech	994	+ 349
Alsea Village	181½	+ 5½
Rw Scientific	40	+ 6
Westchester	176½	+ 10½
Intimations	80½	+ 4½
Barclay	249	+ 9½
Home Loans	178½	+ 8½
Goode's Meats	73½	+ 7½
Heaus Int	74½	+ 17
Micro Inc (p/pd)	446	+ 239
Field Diagnost	529½	+ 113
Senior	157½	+ 11
Utms	517½	+ 20½
Calis Group	108½	+ 7½
Necca	1895½	+ 78

The UK Series

earnings forecast rises from 13 per cent to 14 per cent. The shares are on a 150 per cent PER (price earnings ratio) relatively similar to Zeneca, for 16 per cent earnings growth in the same period." SmithKline shares gave up 32 to 32.2p.

Broker Henderson Fundations Ltd's 90C which reported figures earlier this week, says: "SmithKline's earnings forecast was raised to 14 per cent from 13 per cent."

US buying was cited as prompting the share increase in Radcliff. The shares rose 23c to 44.6p, the best performer in the FTSE 100. The group is currently on tour in the US where it is holding presentations on its US investment.

The sharp retreat on Wm Watson was attributed to the fact that the company had been

301 183333 212218 202281 179133 117179 212218 20

have set a 1.025-1.050p

13.00	14.00	15.00	16.10	Hip
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Prices are determined for every half-hour in each subsequent hour period. There are 4 periods per megawatt-hour, rounded to two decimal places. To convert prices to per cent kilowatt-hour, the critical price should be moved one place to the left, on Exhibit A (7th column) to KilgPrice. Provision for the conversion of per cent prices is made in the Pricing and Settlements Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the sum of the quantity of payments made to generators in respect of electricity injected

13.00	14.00	15.00	16.10	Close	Pn
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1993-1994. The book is a comprehensive product of what is unique to research on computers and social science. It is a landmark in the development of the field. It is a landmark in the development of the field. It is a landmark in the development of the field.

**Melanie Miles**  
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Karl Løvnton

[illegible][illegible]

Quarter results, with talk that it might dispose of some of its stores and rein back its 1-year dividend. An analysts' trip to House Fraser's new store in Leeds, which one analyst described as "impressive" and its rise to 16m.

ONLY TWO

Company	Mkt Value (in \$ mil)	Change	Category
Albermarle Inds./Hemlock Corp.	20	0	Chem
Adco Tech. Inds./P.C.T.	20	0	Chem
Audubon Resources P.L.C.	2.8	0	Chem
Anglo Canadian Corp. P.L.C.	31	+5	Chem
Alcan Inds. P.L.C.	20	0	Chem
Arcor Velsco Inc.	140	0	Chem
Asarco Inc.	20	-1000	Chem
American Chem. Corp. P.L.C.	42	0	Chem
Alkermes Inc.	5	0	Pharm
Banker-Sutton P.L.C.	1.8	0	Pharm
Boehringer Corp.	98	0	Pharm
Burnell Holdings P.L.C.	13	0	Pharm
Bayer Corp.	210	0	Pharm
Biochem Corp. P.L.C.	0	+7	Pharm
Bethell-Tapscott Asset	1	0	Pharm
Boehringer-Ingelheim AG	1	0	Pharm
Cambridge Isotope Lab. Inc.	17.8	0	Sci
Arch Chemicals Inc.	18	0	Sci
Corydon Inc./Cambia Help	10	0	Sci
Chemical Abstracts Co.	1	0	Sci
Chemtech Holdings P.L.C.	103	0	Sci
Celanese Corp.	13	0	Sci
Chemco Materials P.L.C.	11	-625	Sci
Chemical Abstracts Corp.	1	0	Sci

FT Retail Holdings PLC	30		
Global Communications*	+5	+0.50	
Golden Prospect Mining	82	+2	

[illegible]

The advertisement features a black and white photograph of a vintage television set and a computer monitor. The television screen displays the GNI logo, which consists of the letters 'GNI' in a large, bold, serif font, with the word 'Gulf News International' written in a smaller font below it. To the right of the television, a computer monitor displays a graphic with the text 'All F & M' at the top, '24 HRS' in a large, bold font in the center, and 'Com' at the bottom. Below the television and monitor, the text 'Petroleum Argus European' is visible. At the bottom of the advertisement, the text 'GALLERIES' is visible.

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**24 HRS**  
**Com**

**Petroleum Argus European**


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### 1. INTRODUCTION

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for details on Clayton International.











## Japan cities to get US-style shopping in \$3bn venture

By Christopher Parkes  
in Los Angeles

Japanese shoppers are to be treated to their first taste of US-style leisure shopping through a \$3bn joint venture between two Californian property specialists and an alliance of Japanese banks, retailers and industrial groups.

Plans for four retail-cum-entertainment centres in the Tokyo and Osaka areas include Japanese and US stores with cinemas, restaurants offering international cuisine, fitness clubs, indoor "rock-climbing" and roller-skating rinks.

The first centres - one outside Tokyo and a complex near Osaka - could be open by late 1998, according to WPI Koll, the main US participant. They would be followed by

themed malls - one close to Osaka's main access link to Kansai Airport and another on the city's waterfront.

The partners, aiming to build between 10 and 20 centres in Japan in the next decade, hope to develop the concept in other Asian markets. WPI Koll is a joint venture between the publicly-traded Koll Real Estate Group, which manages 185m sq ft of retail and commercial properties in the US and Asia, and World Premier Investments, a Santa Ana mall developer.

Japanese interests are being co-ordinated by Mega-Mall Systems Japan, a new umbrella company in which WPI Koll has a minority stake. Partners and investors include retailers Seibu and Daiso, Fuji Bank and Nippon Steel.

Contracts for the four initial

sites have been signed, Mr Andrew Sun, WPI Koll chairman, said yesterday.

US participants include SportsClub of Los Angeles and Wolfgang Puck, the mass-market restaurant group.

Mr Michael Tallia, SportsClub chairman, said the project had lowered the costs of entry into the Japanese market and made the logistics of his company's first international venture manageable.

WPI Koll officials said negotiations were continuing with clothing specialists, such as Gap and Eddie Bauer, and the AMC cinema chain. Efforts would be made to attract European participants. Japanese retailers and entertainment companies were expected to fill 50-60 per cent of the space in each centre.

Mr Sun said WPI Koll was

approached from Japan, where department store chains are under pressure to develop new retailing formulas.

Declining land prices and the increasingly international tastes of Japanese consumers had encouraged the US partners to investigate further.

Japanese visitors, once renowned as the most avid shoppers for western luxury goods, are among the biggest spenders in so-called "value malls" in Hawaii and California's tourist destinations.

Although retailing centres were not new to Japan, the diversity to be found in US entertainment malls was largely unknown, Mr Sun added. One recent venture, the US-designed Canal City Hakata in Fukuoka, drew more than 4.5m customers in the two months after opening.

## Unhappy holidays

THE LEX COLUMN

The writing has been on the wall for Club Med for some time now. Yesterday's announcement of a net FF742m loss following restructuring charges of FF680m was not unexpected, but can hardly count as a huge shock in a decade where the group has found it easier to lose money than make it. Tough market conditions have contributed to its difficulties, but the problems go much deeper. Originally associated with fit, young people revelling in the sun and sea, the concept has looked increasingly middle-aged in recent years.

The appointment of Mr Philippe Bourguignon is good news. Having presided over a successful turnaround at Euro Disney, he looks a better bet to rehabilitate Club Med than his predecessor, Mr Serge Trigano. He starts with considerable strengths: a strong brand, well-trained staff, and many valuable locations. There is an underlying profit stream to be built upon, which will be helped by the recovery in the French economy. And the write-offs aside, yesterday's results were disappointing rather than catastrophic.

But much remains to be done, even after yesterday's announcement that the group is to rationalise its portfolio. The biggest challenge is to relaunch the concept, casting off the air of stagnation. But Mr Bourguignon will also have to juggle the group's cost controls and creaking administrative systems. If he fails, he will be aware that predators may soon descend.

### Hanson

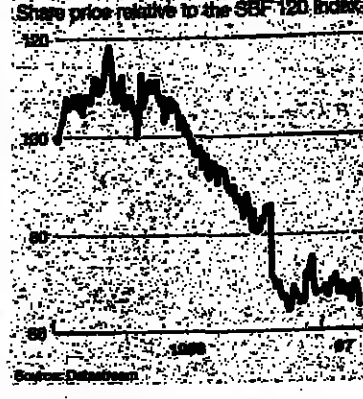
Hanson's tortuous demerger draws to a close on Monday. But it is hard to see any hidden value to be released from the final split into The Energy Group and Hanson's rump of building materials businesses.

● If investors are relying on traditional yardsticks to value The Energy Group, they must be pretty befuddled. Not only do the usual rules of thumb give hopelessly divergent results but there are no convincing comparators for such an unusual beast.

A better solution is to break the group down to its constituent parts. Discounted cash flow valuations of Peabody, the US coal business, suggest it is worth £1.4bn or so. Add £1.3bn for the Eastern Group regulated wires network and perhaps £1.1bn for its generation and supply businesses, then subtract £1.4bn in

FTSE Eurotrack 200:  
2183.0 (-4.2)

Club Med's losses



debt and a £100m windfall tax. This suggests an underlying value of £2.5bn for the whole company. But these standalone figures probably do not attribute enough value to the benefits of the group's vertical integration in the UK, which broker SBC Warburg reckons could be worth £40m a year. Throw that in and the group is worth perhaps 480p a share.

Yet that may not be quite the whole story. It is fair to put some faith in an energetic management team's capacity to add value by spotting future opportunities. And with luck, now the group is fast back-tracking on its wider rhetoric, there is less risk that large sums will be blown in pursuit of a growth rating. In addition, investors have to weigh the possibility that the group might itself be subject to a takeover, it could look a distinctly tasty morsel to a big US utility. In short, last night's grey market price of £23p is optimistic - but not, by any means, insane.

● Now Hanson is retaining more than just its parent's name. This collection of leftovers is still a conglomerate, and it carries a lot of old-style Hanson baggage.

The individual businesses are actually quite good. ARC aggregates and Hanson Brick in the UK, as well as Grove cranes, have strong market positions and high margins. Grove and the smaller electricals business produce returns on capital of around 30 per cent. And there is scope for recovery at Cornerstone, the US aggregates company, and in UK bricks.

But new Hanson is also inheriting £1.6bn of balance sheet provisions, largely against US environmental hazards, which will lop £45m a year

off cashflow. A further legacy is the low 15 per cent tax charge, which will start to rise after 2000, reducing earnings growth. There are question-marks over management too. The board contains three Hanson family members but not a single operational manager.

Assuming pre-tax profits of £227m for 1997, yesterday's grey market price of 232p gives a lowish price/earnings ratio of 10 times. But this rises to 12½ times on a fully-taxed basis - roughly a 10 per cent discount to Blue Circle, CRH and Wolseley, all with better records. On that basis, the current share price looks about right - which means that with a market value of less than £1.5bn, Hanson could soon drop out of the FTSE 100.

### Non-executives

Britain's non-executive directors are in danger of becoming little more than box-tickers. Following Cadbury and Greenbury, their main role has been to ensure compliance with various principles of corporate governance - such as the form of executive remuneration and the proper constitution of committees. These matters should be important, but not to the exclusion of helping companies create value.

How can non-executives be encouraged to be more active? By paying them mainly in shares. If non-executives were substantial shareholders, which is rarely the case, their interests and those of other investors would be aligned. After a few years on the board, they might own say £50,000 of stock - a significant sum even for rich individuals. That would give them an incentive to be more involved in strategy, check foolish acquisitions and kick out underperforming executives.

Non-executives should not be able to sell their shares in the short term - since that would weaken their connection with other investors. And some individuals, especially those who are not personally wealthy, might be deterred from joining a board if they were paid only in restricted shares. So, it would make sense to insist on only part of their remuneration being in stock. But it would be good to encourage non-executives to take the remainder in stock too. Such a system is increasingly common in the US. Britain's Hampel committee should back a similar approach when it reports on corporate governance later this year.

## Number of US investors has doubled in seven years

By Tracy Corrigan  
in New York

The proportion of US citizens who invest in stocks and equity mutual funds has doubled in seven years to 43 per cent, according to the first comprehensive survey of retail investors since 1990.

The survey, conducted last month by Peter Hart Research Associates for the Nasdaq stock market, says US retail investors look more like a cross-section of American society than ever before. It shows a big shift in the demographics of share ownership away from elderly white males. Only 44 per cent of investors are white men, while 47 per cent are women. In a similar, but not directly comparable survey by the New York Stock Exchange in 1990, 37 per cent of investors were female.

The latest survey also shows that half are not college graduates and 55 per cent are under 50. Among working age investors, only 29 per cent were managers or professionals, while 35 per cent were white

### Survey reveals shift in pattern of share ownership

or blue collar workers. "Investors used to be male, professional and over 50. Today, it's a portrait of America," said Mr Alfred Berkeley, president of the Nasdaq market.

The change reflects growing fears about job insecurity and retirement in the US: 41 per cent surveyed expected retirement funds to come from investments, while 29 per cent expected it to come from employer-sponsored retirement plans and social security. Seven years ago, 38 per cent relied on investments and 49 per cent counted on company plans and social security.

"The encouraging news in this survey is the degree to which Americans are realising that they hold the key, and bear the responsibility, for their own financial futures," said Mr Berkeley.

However, the flipside is that individual investors could be

badly hurt by any downturn in the market. Although only 8 per cent of investors said they would sell stocks if the market fell sharply to avoid further losses, Mr Peter Hart cautioned that investors' predictions of what they would buy and sell were as unreliable as voters' predictions of how they would vote.

The level of individual share ownership remains much higher in the US than in other industrialised countries. In most European countries, less than a quarter of the adult population invests in shares.

The survey should help allay fears that the public has become overconfident about the stock market's performance after the strong bull run of the last few years.

Only 5 per cent expect a strong increase in stock prices in the next 12 months, and while 58 per cent expect a moderate rise, another 13 per cent are prepared for a moderate decline. Nearly three-quarters described themselves as conservative or moderate in their approach to investment.

## Italy's tax approved

Continued from Page 1

of statistical rules. "I know some governments are accusing others of cheating, but it does not concern us if there are political considerations," he said.

This judgment rested with EU leaders who, on the basis of recommendations from the Commission and the European Monetary Institute, would decide whether a country had shown a "high degree of sustainable convergence" with the Maastricht criteria.

Separately, Eurostat ruled in favour of British, Danish, German and Swedish accounting treatment of private sector financing of public infrastructure.

### UBS finds heirs to some accounts

Continued from Page 1

yesterday its foreign operating profits had increased 128 per cent to SF1bn (\$674m) in 1996; domestic operating profits grew only 3.9 per cent to SF3.5bn.

The difference, which would have been even more marked had loan loss provisions been included, underlines UBS's increasing dependence on international operations. UBS's 1996 domestic operating profit was virtually the same as in 1994, while foreign operating profit has risen more than fivefold.

The strength of the overseas business has helped cushion the group from the effects of the SF6bn special provision for future credit risks announced in November, when it forecast a SF500m loss in 1996. Yesterday, it reported a SF348m net loss but said it would hold its dividend.

## Nato may expand before Russian charter

Continued from Page 1

formal and legally binding Nato pledge not to deploy nuclear weapons on the territory of its new member states.

Mr Primakov, a Soviet era spy-master, described Mrs Albright - whose family fled Czechoslovakia when the communists seized power - as "an iron lady but a constructive lady".

But he remained doubtful about assurances that a reduction in Nato forces in Europe

meant the alliance no longer posed a military threat to Russia. Mrs Albright had "very beautifully and so colourfully" described the arms reductions but that "even so it would be best if those forces do not move in our direction".

Mrs Albright yesterday also met Mr Boris Yeltsin, the ailing Russian president, and said he was "very much in charge, very engaged". Western reporters present at the beginning of the meeting said Mr Yeltsin appeared pale and

waxed and seemed to be wearing make-up.

Matthew Kaminski in Kiev adds: Mr Volodymyr Horbulin, chairman of Ukraine's national security council, said Ukraine wanted a "legally binding, not only a politically symbolic," deal with Nato which provided informal security assurances. He said agreement on a "special charter" with Ukraine would not depend on the successful conclusion of Nato's talks with Russia.

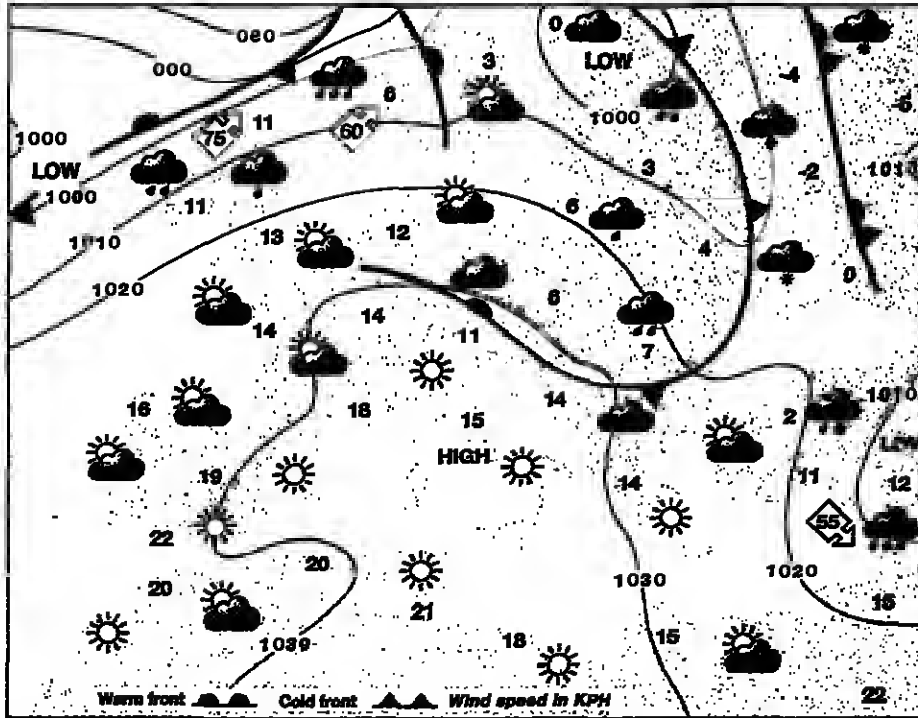
### FT WEATHER GUIDE

#### Europe today

It will be cloudy with patches of rain, rather mild temperatures and fresh south-westerly winds across southern Scandinavia. Unsettled conditions with a risk of a strong south-westerly gale are expected in the northern UK. The south will be dry and mild but rather cloudy. Most of the Benelux will have sunny spells. It will be cloudy over the south and in northern France, the northern Alps and northern Balkans. There will be plenty of sunshine from the Iberian peninsula across the Cote d'Azur to Italy and Greece. A disturbance will bring snow to eastern Turkey and it will be unsettled in Israel, Lebanon and coastal Egypt.

#### Five-day forecast

The British Isles and southern Scandinavia will remain unsettled with gales at times and plenty of rain during the next couple of days. High pressure will persist across the south, bringing plenty of sunshine to the Mediterranean area.



#### TODAY'S TEMPERATURES

Location	Temp	Location	Temp	Location	Temp	Location	Temp
Abu Dhabi	28	Madrid	12	Paris	10	Stockholm	10
Accra	28	Belgrade	12	Rome	12	Sydney	18
Algiers	20	Berlin	11	S. Francisco	12	Taipei	19
Amsterdam	11	Bombay	24	Seoul	12	Tokyo	10
Athens	13	Brussels	12	Singapore	27	Vancouver	12
Bahia	25	Dubai	11	Stockholm	10	Wellington	18
Bangkok	25	Dubrovnik	12	Sydney	18	Winnipeg	12
Batavia	25	Edinburgh	12	Tokyo	10	Zurich	12
Bombay	24	London	10	Vancouver	12		
Buenos Aires	20	Luxembourg	10	Wellington	18		
Cairo	22	Madrid	12	Winnipeg	12		
Cape Town	15	Moscow	10	Zurich	12		
		Nairobi	18				
		Osaka	12				
		Perth	13				
		Prague	10				

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